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THE END OF THE ORDEAL

Herald INTERNATIONAL Tribune

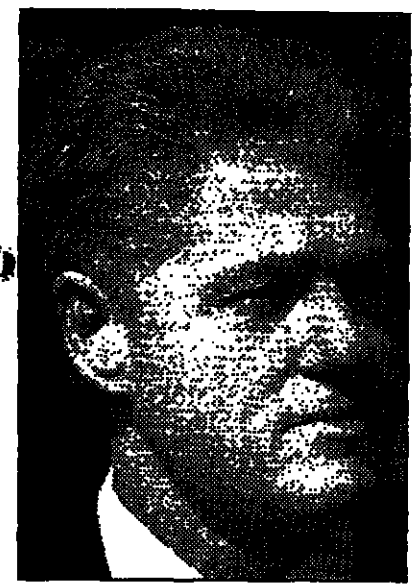
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I AM HUMBLER AND VERY GRATEFUL

Senate Acquits Clinton on Both Counts

Republicans Cannot Even Muster Majority to Convict



Mr. Clinton: "Profoundly sorry"

By Brian Knowlton
International Herald Tribune

WASHINGTON — The Senate acquitted President Bill Clinton of the impeachment charges facing him on Friday, ending a yearlong national trauma that had sorely wounded both the White House and Congress, but leaving a residue of public disillusion and partisan bitterness.

Neither of the two articles of impeachment gained even a simple majority of 51 votes, much less the 67 votes needed to convict and remove him from office. The denouement to the drama, which had threatened to bring down Mr. Clinton, came quickly, in successive votes that lasted less than an hour.

A somber-looking Mr. Clinton emerged afterward in the White House Rose Garden to apologize to the nation and issue a call for reconciliation.

He said that he was "profoundly sorry" for "what I said and did to trigger these events," and called for "a time of reconciliation and renewal for America."

"I also am humbled and very grateful for the

support and the prayers I have received from millions of Americans over this past year," the president said.

Asked, as he was stepping away from the podium, whether he could forgive those who sought his removal from office, he turned back to say, "I believe that any person who asks for forgiveness must be prepared to give it."

Later, the White House spokesman, Joe Lockhart, said, "Naturally, this coming to an end brings relief." He reaffirmed, however, that there would be no public celebration, and that the White House would remain a "ghost-free zone."

Concluding only the second presidential impeachment trial in the nation's history, senators voted, 55 to 45 to reject the charge that Mr. Clinton perjured himself before a grand jury in denying his sexual relationship with Monica Lewinsky. Ten Republicans joined the 45 Democrats in voting for acquittal.

On what was considered a stronger charge — that Mr. Clinton had obstructed justice by seeking to coach or influence likely witnesses, hide evidence and shape

the affidavit Ms. Lewinsky was to file in the Paula Jones sexual harassment case against him — the vote was an even 50 to 50, with five Republicans joining the Democrats.

"It is therefore ordered and adjudged that William Jefferson Clinton be and hereby is acquitted of the charges in the said articles," the chief justice of the United States, William Rehnquist, declared.

A motion with bipartisan support to censure Mr. Clinton was blocked by a parliamentary maneuver, as expected: it was opposed by conservative Republicans who considered it extraconstitutional. (Page 5) The Senate then began a week's recess, and censure was given little chance of being revived afterward.

Senator Tom Daschle of South Dakota, the minority leader, declared the trial and its conclusion "a rebuke" to Mr. Clinton.

But he added that Mr. Clinton was "an extraordinarily resilient individual," and said Democrats looked forward to working with the administration "to



Mr. Starr: Still more work to do?

See ACQUITT, Page 6

What's Next in Starr's Plans?
Indictment Is Big Unknown

By Ruth Marcus
and Susan Schmidt
Washington Post Service

WASHINGTON — Now that the Senate has voted to acquit the president on charges that he committed perjury and obstructed justice, attention shifts once again to the independent counsel, Kenneth Starr, and two big questions: Does he plan to indict President Bill Clinton and, if so, when?

Whether Mr. Starr will ever prosecute Mr. Clinton is the great unknown — and something that the independent counsel, in his appearance before the House Judiciary Committee last November, suggested would not be decided until the end of the congressional impeachment process.

But it appears increasingly unlikely that Mr. Starr will take the unprecedented and highly controversial step of indicting Mr. Clinton during the 23 months remaining in the president's term, if he is to charge him at all.

Several factors suggest that it is far more likely Mr. Starr will wait until Mr. Clinton leaves office: the length of time it would take to litigate the constitutional question of whether he has the authority to pursue a sitting president, the absence of any need for immediate action and a string of departures of top aides, suggesting that the office is not gearing up for a major new assault.

Although Mr. Starr believes that the constitution permits him to take such a dramatic action, the issue has never been presented to the courts and the inevitable litigation arising from a presidential indictment would most likely eat up the bulk of Mr.

Clinton's term. Mr. Starr has not shied away from controversy during his more than four years on the job, but there would seem to be little to gain for him to create such a constitutional uproar.

At the same time, there would appear to be little for him to lose by waiting: The five-year statute of limitations will not expire until 2003, more than two years after Mr. Clinton is scheduled to leave office.

"If you're looking at it not from the vantage point of throwing a political hand grenade into the process but from the standpoint of how can I most effectively bring my charge, why on earth would you want to bring a charge where there's a pretty plausible argument that you can't bring it?" said a Columbia University law professor, Gerard Lynch.

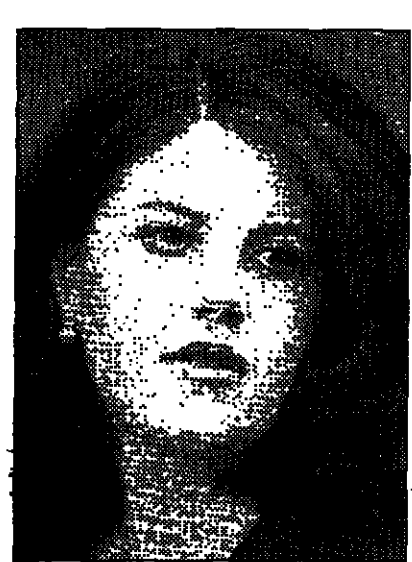
"You're inviting a whole storm that will probably keep you from getting the case tried until Clinton's out of office anyway, when nobody denies that you could skip all of that by bringing the charge on Jan. 21, 2001," he added. "Why not wait?"

A St. John's University law professor, John Barrett, said that indicting a sitting president is "such an enormous decision you'd need such extraordinary factual evidence and such a pressing need to do it sooner rather than later."

In this situation, he said, "You're not up against the statute of limitations, you're not looking at ongoing activity that can't be stopped but by prosecuting. Assuming power to prosecute, there are so many serious factors that any prosecutor would view it as a very, very tough trigger to pull."

The term of the Monica Lewinsky grand jury

See STARR, Page 6



Ms. Lewinsky, the former intern.

Damage to the Presidency?
Long-Term Fallout Debated

By R.W. Apple Jr.
New York Times Service

WASHINGTON — There are those who think it will end up as Much Ado About Nothing, at least as far as the country, its political culture and its institutions of government are concerned.

"I don't think the whole impeachment drama will have much long-term impact on anybody or anything except President Clinton," said former Senator Howard Baker Jr., Republican of Tennessee, who made his name during the Watergate hearings. "And even the impact on him is questionable."

But Arthur Schlesinger Jr., the eminent historian, begs to differ. A Democrat who served John Kennedy as a White House adviser, he sees the travail of President Bill Clinton as an event of considerable moment.

"The failed impeachment of Andrew Johnson left a wounded, weakened presidency, one that lasted for many years," Mr. Schlesinger said, "and I think the failed impeachment of Bill Clinton will do the same thing."

If it was imprudent to predict many months ago how the drama would end, as it finally did on Friday, to the relief of almost everyone, it might be considered downright foolhardy to guess at its consequences.

But that does not stop Washington or Washington-watchers elsewhere from trying.

Few people doubt that the events of the last year have coarsened the national political discourse. It is

as if Mr. Clinton's own habit of pushing the limits — "indulging all choices and accepting no consequences," as Representative James Rogan of California, one of the House managers, or prosecutors, put it last week — infected the behavior of all the major players.

The capital has witnessed the breakdown of long-standing codes of behavior on every side. Senior Democrats on the House Judiciary Committee accused their Republican counterparts of staging a coup d'etat; Trent Lott, the leader of the Republican majority in the Senate, strongly suggested that the President was bombing Iraq to deflect attention from his domestic political problems.

The conduct of the independent counsel in the Monica Lewinsky case, Kenneth Starr, has attracted so much opprobrium that Congress is considering allowing the Watergate-era law authorizing independent counsels to lapse.

Among the news media, a ravenous appetite for scandal has developed. More salacious details about politicians have been talked about and written about than at any time in modern history, and the mainstream media have joined less well-established and more marginal outlets in the barrage.

If the story of Monica and Bill and Ken and Henry has revulsed a large portion of the American people, it has turned out foreigners, too.

"A story with no heroes, no morals, no lessons," the Financial Times of London called it last weekend, "just self-obsessed individuals in a fight for survival, a vast landscape painting of life as it truly is

See IMPACT, Page 6

Japanese Central Bank
Cuts Key Interest Rate

No Long-Term Benefit Seen in 'Disastrous' Move

By Sandra Sugawara
Washington Post Service

TOKYO — The Bank of Japan unexpectedly cut a key short-term interest rate Friday amid intense political pressure to ease monetary policy and help pull Japan out of its recession.

The central bank's action came after a stunning drop this month in the price of Japanese government bonds, sending their interest rates soaring to an 18-month high of 2.44 percent. The surge threatened to choke further the struggling economy of Japan, which, according to U.S. officials, poses one of the greatest threats to global financial stability.

But the decision by the Bank of Japan to lower its target for the overnight call rate in the money market — to around 0.15 percent from 0.25 percent — is expected to have little effect on the economy and actually may hurt the credibility of the bank, economists said.

"I think it's rather disastrous," said

Ron Bevacqua, an economist with Merrill Lynch Japan Inc. "It's the worst possible decision they could have made — it will have no lasting impact on long-term interest rates, but it shows that the Bank of Japan is very susceptible to political pressure."

Shinji Nomura of Sumitomo Capital Securities Co. also said the move would not help long-term rates. "Rather there is a negative impact," the senior strategist said, "because these actions threaten the Bank of Japan's credibility, as they are seen yielding to political pressure."

"These measures in themselves are not going to do a lot," said Jeffrey Young, a Tokyo-based economist with Salomon Smith Barney Inc. The rate cut might signal that the policy board of the central bank had accepted "the rationale for an easier monetary policy," he said, which ought to prevent further strengthening of the yen. A stronger yen hurts exporters because it makes their products more expensive.

"If the risk of another yen surge is reduced," Mr. Young said, "that's positive."

The surge in interest rates is the latest economic problem to hit Japan. As officials have struggled during the past year to engineer a recovery, each remedy they have found has created new problems.

To stimulate the economy, the government spent massive amounts on public works, loans to struggling companies, job subsidies and bank bailouts. The bank's policy board concluded Friday, after a daylong meeting, that the stimulus efforts had moderated the pace

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AGENDA
Stiff Duties Aimed
At Steel Dumping

The U.S. Commerce Department said Friday that it planned punitive duties on Japanese and Brazilian steelmakers for selling products in the United States at unfairly low prices, a ruling that could drive the companies from the market. The duties would go up to 80 percent for Brazilian producers.

The department, which is negotiating an agreement to curb Russian steel imports, delayed until next week a decision for that country's steelmakers. Page 11.

The Dollar		
New York	Friday @ 4 P.M.	previous close
Euro	1.1296	1.1226
Pound	1.834	1.823
Yen	114.05	114.555
DM	1.7313	1.7412
FF	6.8065	6.8386

Dollars per pound and per euro.

The Dow		
Friday close	percent change	
88.57	9,274.89	-0.95%
S&P 500		
22.90	1,230.14	-1.91%
Nasdaq		
83.61	2,321.94	-3.48%

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A Painful Trade for North Koreans
Girls Are Being Sold
To Chinese as Brides
So Families Can Eat

By John Pomfret
Washington Post Service

WANGQING, China — On Dec. 30, the mother of Han Jin O and Han Eu No was arrested as she tried to sneak back into North Korea with a sack of rice on her back and her children by her side.

The police let the teenage girls go but detained the mother. The next day, North Korean police came to the family's house in the northern city of Hyesan and demanded a \$125 bribe — a fortune for poor North Koreans — to release the woman from one of North Korea's labor camps, the girls said. With a father so malnourished that he is unable to work, and with no savings, the family had no way to get her out of detention, they said.

Until a gut-wrenching solution was found.

A North Korean businessman with contacts in China promised to raise the money. His price? The girls.

The girls said he told their father that there were many men in China who needed wives. He assured their father that he would settle the girls near the border, and with such relatives, the businessman said, the family would have the right to go to China.

"I was willing to be a bride so my mother could be free," said Han Jin O, an extremely thin 15-year-old who looks barely 12. "I wasn't going to let them sell my sister."

Han Eu No is 13.

The Han sisters are part of a river of girls and women that is flowing out of North Korea as the isolated Communist country stumbles further toward famine and self-destruction.

As many as 2 million people are feared to have perished in North Korea since food shortages swept the country in the mid-1990s, and refugees and aid officials on the border paint a picture of a society in desperate straits. Malnutrition and hunger are the norm, the all-consuming search for the next meal the obsession. (Page 3).

Their countrymen, therefore, are turning the women and girls of North



Han Jin O, left, and Han Eu No were to be sold as wives in China.

Korea into chattel to be traded for food and money.

According to officials of private aid agencies working in North Korea, an increasing number of young women, many in their early teens, are being smuggled out and sold to Chinese farmers and laborers from across the country who have trouble finding wives.

Other women and girls are sold to

See KOREA, Page 6

Pentagon Denies That China Increased Missiles Aimed at Taiwan

WASHINGTON — China has improved the capabilities of missiles aimed at Taiwan but has not increased their numbers for five or six years despite fears on the island of a buildup, according to U.S. officials.

U.S. tracking of Chinese missiles near the Taiwan Strait has discovered no fresh deployments, Captain Michael Doubleday, a Pentagon spokesman, said Thursday.

He discounted published reports that China has aimed more missiles at Taiwan and suggested that two coming Pentagon reports to Congress would find no increase in missiles menacing the island.

"We acknowledge that China has been modernizing its armed forces and has been increasing its capabilities on a variety of fronts," Captain Doubleday said.

"But I think it is incorrect to think that the missile

threat is something that developed in the last several months."

Instead, the Chinese missile buildup near Taiwan took place five or six years ago, he said.

Taiwan's Defense Ministry reports 100 ballistic missiles, capable of carrying conventional or nuclear warheads, aimed at the island, which China considers a renegade province. Taiwan's military intelligence officials worry that the number could hit 600 in a decade.

The United States remains uneasy about missile deployment and Taiwan's defense, however, and the subject is expected to come up when Secretary of State Madeleine Albright travels to China and meets with Premier Zhu Rongji in early March, U.S. officials said.

China frightened Taiwan residents by test-firing missiles near the coast in 1995 and 1996. The tests were part of an intimidation campaign against in-

dependence supporters in Taiwan. In response, President Bill Clinton ordered two navy aircraft carrier battle groups to the region in a show of support for Taiwan.

The United States has pledged to defend the island against Chinese attacks although it has official government relations only with Beijing.

Taiwan has bought Patriot missiles from the United States for protection and is studying development of a short-range missile defense system because of the Chinese threat. Taiwan also would like to be included in any regional defensive umbrella that the U.S. military deploys — a linkage that Beijing has been denouncing.

The Pentagon has several research projects to develop short-range missile defense systems but has been unable to overcome technical challenges to shooting a fast-moving missile out of the sky.

The Defense Department is scheduled to submit a

study to Congress within a week on the possible inclusion of Taiwan and other Asian nations in a U.S. missile defense system.

A second Pentagon report will assess the security situation across the 125-mile-wide (201-kilometer-wide) Taiwan Strait.

A Chinese Foreign Ministry spokesman, Zhang Qiyue, speaking at a briefing Thursday, said that including Taiwan in such a system would violate the agreements that are the foundation of China-U.S. relations and would be "counterproductive to peace and stability in Taiwan and the Asia-Pacific region."

China has been modernizing its armed forces and weapons for several years, including making its missiles more powerful and accurate, the U.S. director of central intelligence, George Tenet, told congressmen this month. He said it remained unclear whether China would become a military aggressor.

North Koreans Who Fled Tell of Famine, Save for Elite and Army

By John Pomfret
Washington Post Service

LUGUO, China — At a bend in the Tumen River, a stooped North Korean man with the face of an 80-year-old and the body of a sickly boy stumbled down an icy road on the Chinese side of the border here. In broad daylight, he risked capture, deportation and beatings back home.

"I don't care anymore," said Kim Kwang Il, 20, a cement-factory worker who had walked 100 snowy kilometers over seven days from the North Korean port of Chongjin, wearing a flax sack for a scarf, rags for socks and gloves, and shoes without laces. "If I stayed hiding in the snow, I was going to die," he said. "If I stayed in North Korea, I was going to die."

"You don't know what is happening in my country," he said, a cough tearing through his hunger-wrecked, frostbitten body. "We are dying slowly."

Mr. Kim said a friend had succumbed to hunger and cold as they struggled to reach China. He left the frozen corpse by the side of the road, he said, behind the billboard on the North Korean side of the river that proclaims: "Long Live the Great Sun of the 21st Century, Kim Jong Il."

Interviews with more than 20 refugees and aid officials on China's border with North Korea paint a stark picture of developments inside the isolated country where, according to some reports, a famine may have killed as many as 2 million people since the mid-1990s.

Refugees described a crumbling families, unheated homes and villages where promised foreign food aid does not arrive or is reserved for ruling elites while neighbors survive on twigs, cornstarch and frogs.

Some of refugees spoke at night, minutes after sneaking into China by slid-

ing over the 10-meter-wide sheath of ice on the Tumen River and scrambling up the forested banks. Others talked in the homes of members of China's ethnic Korean minority who have given them shelter.

Some children spoke in quiet tearful voices, where they were glad for a warm cup of tea or a Coke. Scores of these youths inhabit the streets of Yanji and other cities in northeastern China, sleeping on construction sites and running from the police.

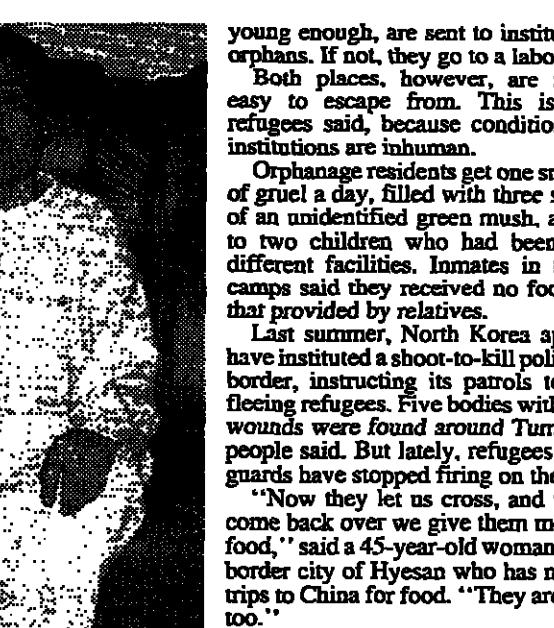
Together, their stories provided another, usually invisible dimension to warnings in Washington, Tokyo and other capitals about North Korea's increasing prominence as an unstable international menace. Among policymakers, the North Korean missile and clandestine nuclear-weapons programs have focused alarm.

But here, amid the snow-covered forests and fields of Manchuria, it is the ravaging famine that is on everybody's lips.

North Koreans have been entering China illegally since food shortages began sweeping the country in the mid-1990s, the combined result of disastrous economic policies and the collapse of the Soviet Union, which had been North Korea's biggest trading partner. Estimates of the numbers of North Koreans in northeastern China hover around 100,000. Many come between the two sides, profiting from the booming black market in their country for food and other basic necessities.

Most refugees enter the Yanbian Korean Autonomous Prefecture in China's Jilin Province, more than 1,000 kilometers northeast of Beijing. There, China's ethnic Korean population has taken in thousands clandestinely, giving them food and jobs.

For several years, China tolerated the illegal immigrants. But in January, the Chinese government, alarmed by increasing crime, began expelling large numbers



Kim Kwang Il, who walked for a week to cross into China, left a friend who died just before the border.

Authorities around Yanji increased the fine for harboring North Korean refugees to about \$400 — about the yearly earnings of many people. Border police have rounded up hundreds of North Koreans in recent weeks — 200 in one sweep from the township of Dandun alone, local residents said — and forcibly repatriated them.

Refugees said those caught generally spend a week in a Chinese jail before being handed over to a Chinese border guard. They often are beaten on their return to the North and then, if they look

young enough, are sent to institutions for orphans. If not, they go to a labor camp.

Both places, however, are relatively easy to escape from. This is critical, refugees said, because conditions in the institutions are inhuman.

Orphanage residents get one small bowl of gruel a day, filled with three spoonfuls of an unidentified green mush, according to two children who had been held in different facilities. Inmates in the labor camps said they received no food except that provided by relatives.

Last summer, North Korea appears to have instituted a shoot-to-kill policy on the border, instructing its patrols to fire on fleeing refugees. Five bodies with gunshot wounds were found around Tumen, local people said. But lately, refugees said, the guards have stopped firing on them.

"Now they let us cross, and when we come back over we give them money and food," said a 45-year-old woman from the border city of Hyesan who has made five trips to China for food. "They are hungry, too."

In some cases, refugees corroborated testimony given recently by Western officials, such as the head of the U.S. Defense Intelligence Agency, Lieutenant General Patrick Hughes, who told Congress this month that the discipline of the North Korean Army was collapsing. Many refugees reported that soldiers have taken to stealing food from markets at gunpoint.

"The children of officials all used to want to join the army because they got food," said a 17-year-old street child. "Now, they are in the markets like everyone else. But they have guns."

The rail-thin boy, who looked like he had not yet entered puberty, said that back home he frequented the markets as well

BRIEFLY

India and Pakistan Meet to Talk Peace

ISLAMABAD, Pakistan — Indian and Pakistani legislators, meeting in a rare conference, urged their rival nations on Friday to pursue a lasting peace between themselves rather than a new nuclear arms race.

The countries' real war should be against hatred, poverty and ignorance, said the leader of the Indian delegation.

(Reuters)

Official Quits Over Christians' Murder

NEW DELHI — The top elected official in India's eastern state of Orissa has quit following a string of brutal killings of Christians in the region, domestic news agencies reported Friday.

J.B. Patra, the chief minister of Orissa, said earlier this week he would take "moral responsibility" for the killings.

(AP)

Execution in Kabul

KABUL — Two men were shot and killed for murder Friday by relatives of the victims before a 30,000-strong crowd at the Afghan capital's sports stadium, witnesses said.

The Taliban's interpretation of Islamic Sharia law allows punishment by the aggrieved parties.

A pickpocket and a thief had their right hands amputated in front of the crowd at a spectacle that has become a regular feature of Fridays, Kabul's weekly day off.

(Reuters)

Burma Frees Writer

RANGOON — Burma's military government said Friday that it has freed a dissident writer it jailed in 1993 for distributing anti-government leaflets.

Ma Thida, 34, a close associate of opposition leader Daw Aung San Suu Kyi, was sentenced to 20 years in jail in October 1993 under the Emergency Provisions Act.

(Reuters)

UN Accuses Peace Force In Sierra Leone Atrocities

By Judith Miller
New York Times Service

UNITED NATIONS, New York — A United Nations human rights mission has charged that regional peacekeepers in Sierra Leone summarily have executed dozens of civilians.

Numerous reports of rebel violence against civilians in Sierra Leone have circulated, but in a report the mission described systematic rights violations by both insurgents and peacekeepers.

Kofi Annan, the secretary-general, told the UN Security Council Thursday that while the rebels had killed more than 3,000 people and committed a variety of atrocities, witnesses also had accused government forces and peacekeepers, mainly from Nigeria, of summarily executing suspected rebels.

The report accused the monitoring group established by the Economic Community of West African States, known as Ecomog, of executing people suspected of being rebels, among them children and about 20 patients at Connaught Hospital in Freetown, the capital, on Jan. 12.

The report said that Ecomog forces bombed civilian targets, shot at "human shields" formed by the rebels and mistreated the staffs of the Red Cross and similar groups.

The report detailed violations witnessed by UN personnel and by survivors who met with members of the mission who traveled to Freetown in January and February.

That was a time of intense fighting in the capital in which thousands of people were reported killed in just two weeks.

The unusually detailed report, a few copies of which circulated at the United Nations on Thursday, accused the rebel forces of wholesale rights violations, including the killing of children and infants, decapitations, amputations, the rape of children and the burning of elderly and defenseless people. Other people were shot by the rebels for refusing to sing or dance in the streets, the report said.

Last June, Mr. Annan commended Ecomog for having helped restore security in most parts of Sierra Leone and asked for extra aid for the special force. He reiterated the appeal Thursday, saying that Ecomog needed money "to

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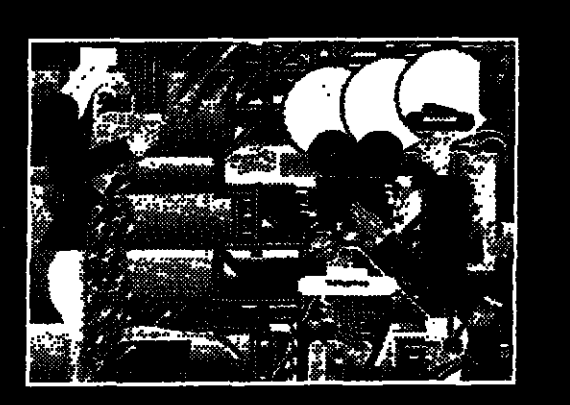
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THE WORLD'S LARGEST NEWS

The Acquittal of President Clinton / 'A Protracted Struggle'

Tripp Says She Sought to Save Lewinsky

By Don Van Natta Jr.
New York Times Service

WASHINGTON — Linda Tripp, the woman whose secret tape recordings made her the reviled symbol of a double-crossing friend, says now that her deepest regret is the pain that she caused Monica Lewinsky.

In her first lengthy interview since the scandal began 13 months ago, Mrs. Tripp said she betrayed Ms. Lewinsky to save the young woman from being abused by the president of the United States.

"As a mom, especially with a daughter close in age to Monica, I would hope some other mom would do for my daughter what I did for Monica, despite the fact that it looks horrible, that it looks like betrayal," Mrs. Tripp said as she broke down in tears toward the end of a two-hour conversation here Wednesday evening.

Her interview with The New York Times was the first in a series of media appearances she has scheduled in an effort to rehabilitate her image. She appeared on NBC's "Today" show Friday morning and on CNN's "Larry King Live" on Monday night.

It might seem credulity that Mrs. Tripp now portrays herself as Ms. Lewinsky's surrogate mother, a woman who had no choice but to teach tough lessons to a wayward daughter, even if the methods were unorthodox. Her tone in the interview contrasted sharply with the Linda Tripp heard on her now-infamous audiotapes, where she seemed manipulative, pushing Ms. Lewinsky to demand high-powered help from the president's friend, Vernon Jordan, in finding a job, and encouraging her to insist on getting one before signing her false affidavit in the Paula Jones lawsuit against the president.

It was her decision to turn over those tapes to Kenneth Starr, the independent counsel, that transformed a private Washington affair into a public national scandal. But Mrs. Tripp contends it was

Luciane Goldberg, a New York literary agent, who encouraged her to do so.

"It never occurred to me to go to Ken Starr," Mrs. Tripp said. "It wasn't on my radar screen."

It was also Ms. Goldberg, she said, who pushed her to reveal Ms. Lewinsky's affair with the president to lawyers for Mrs. Jones, who was suing President Bill Clinton for sexual misconduct. It was Ms. Goldberg who gave the Jones lawyers Mrs. Tripp's unlisted telephone number, she said, adding that she spoke at length with one of those lawyers in October 1997.

Told about Mrs. Tripp's remarks Thursday night, Ms. Goldberg said simply, "Whatever Linda says, Linda

Monica could put this behind her unless it was severed once and for all," Mrs. Tripp said.

She bristled at the notion that the president's relationship with Ms. Lewinsky was sex between consenting adults, as many have described it.

"It was the farthest thing from that," she said angrily. "It was horrifying, is what it actually was. This was a young girl who, as an enthusiastic participant in this relationship, fell head over heels in love with the president. He clearly did not share those feelings and his callous abuse in discarding Monica Lewinsky made it look as if he thought of her as a servicing contract, a woman who could be easily discarded."

Linda Tripp, who is making an effort to rehabilitate her public image, said she betrayed Monica Lewinsky to prevent her from being abused by President Bill Clinton.

says." She declined to comment further.

Now, Mrs. Tripp describes herself as Ms. Lewinsky's protector, perhaps her "only friend."

"I always saw Monica as a kid, I always saw her as a lost soul," Mrs. Tripp said. "I believe she and the country will never understand that I believed this was in her best interest, and that makes me very sad."

When told about Mrs. Tripp's comments, Judy Smith, the spokeswoman for Ms. Lewinsky, said, "At the appropriate time, Monica Lewinsky will respond to these and other erroneous remarks."

The 49-year-old Pentagon employee, who has changed her hairstyle and lost about 40 pounds (18 kilograms) in the last year, appeared poised and articulate. She said she is now convinced that Ms. Lewinsky was so distraught about her affair with Mr. Clinton that Mrs. Tripp feared that her young friend might do herself harm. "I didn't believe that

Many Americans view Mrs. Tripp as the villain in the Clinton sex scandal, and see her as an archetype of a girlfriend betraying a girlfriend. They were incensed at Mrs. Tripp's advice to Mrs. Lewinsky not to dry-clean that stained navy blue dress.

"History has shown I should have told her that," Mrs. Tripp said.

According to the Starr report, Mrs. Tripp had told Ms. Lewinsky that she looked fat in the dress and she should not wear it to a Thanksgiving dinner. Mrs. Tripp even plotted with Ms. Goldberg about stealing it from Ms. Lewinsky's closet.

Mrs. Tripp was joined during the interview by her friend and spokesman, Philip Coughlin, and two lawyers, Joseph Murtha and Anthony Zaccagnini. Although she was clearly nervous and uncomfortable as the interview began, she quickly relaxed and talked thoughtfully — and, at times, emphatically — about her feelings about the president,

Ms. Lewinsky and the momentous consequences of her decisions.

Mrs. Tripp said it was obvious that her self-imposed silence, in deciding not to give interviews over the last year, had shaped "the conventional wisdom right now as it defines Linda Tripp." She acknowledged that the public's general opinion of her would be difficult to change.

Several of her friends agreed this week that Mrs. Tripp's public image was damaged by the self-serving public statement she delivered in August on the courthouse steps after testifying to the Starr grand jury. "I'm you," she said then. "I'm just like you. I'm an average American who found herself in a situation not of her own making."

In the interview, Mrs. Tripp said, "To the extent that I can allow people to know me just a little bit, I hope that I can change a small degree of public perception about me and, more importantly, what drove me to make the decisions I made."

Mrs. Tripp still has problems. A single parent of two children, a son, Ryan, 23, and a daughter, Allison, 19, Mrs. Tripp owes nearly \$500,000 in fees to her lawyers and spokesman. A grand jury is investigating her on potential criminal charges in the secret recording of Ms. Lewinsky from her home telephone in Maryland, where taping of conversations requires the consent of both parties.

Although she fears that she might be dismissed from her Pentagon job, Mrs. Tripp continues to work from home, and she recently received a raise to \$92,000 a year. While she did not rule out a book deal in the future, she said she had no current plans to write a book.

"I think the whole country has suffered from having to hear the indignities of the actions the president took, the choices he made," she said. "His family has suffered. All of us have, in one way or another, paid a price for the choices he's made."



Linda Tripp, who helped transform a private Washington affair into a public national scandal, during her first lengthy interview in 13 months.

Shaking her head, Mrs. Tripp said that "a year's worth of national tragedy" could have been easily avoided by "some honesty from the president."

Several times, Mrs. Tripp expressed her "high esteem" for Mr. Starr and the professionalism of his prosecutors.

"I think one of the tragedies of this story is that a man held in such high regard professionally as Judge Starr would be so roundly denigrated to the point of shamefulness," she said.

"What a price to pay to do his job," Mrs. Tripp said her decisions to secretly record the confidences of her young friend — and then turn over those tapes to Mr. Starr — were motivated by a combination of fear and outrage at the president's behavior.

"Fear, certainly, and foremost," she said. "And secondly, a sense of building outrage. Monica Lewinsky was, in fact, what I refer to privately as the straw that broke the camel's back."

Banished in 1994 from the White House, where she worked in the counsel's office, to a basement cubicle in the Pentagon, Mrs. Tripp had an almost Ze-

lig-like quality of being front and center at several Clinton administration scandals. In November 1993, Mrs. Tripp was the first woman to talk with Kathleen Willey after the White House volunteer claimed that the president forced himself upon her sexually just outside the Oval Office. And Mrs. Tripp was the last White House employee to speak with Vincent Foster, the White House lawyer who committed suicide in July 1993.

"I didn't create these scandals," Mrs. Tripp said. "I was given a ringside seat to witness them."

And although she planned in 1996 to write a tell-all book chronicling what she believed were the secrets and lies of the Clinton administration, Mrs. Tripp denied that a lucrative book contract is what motivated her to seek the advice of Ms. Goldberg in September 1997.

Mrs. Tripp said she deeply regretted how her friendship with Ms. Lewinsky ended. "I am so fond of Monica," Mrs. Tripp said. "I remain as fond of her today as I always have been. And I wish her nothing but the best."

Renegade Republicans Were No Big Surprise

By Frank Bruni
New York Times Service

WASHINGTON — Although Senator John Chafee, Republican of Rhode Island, may have disappointed some in his party with his vote to acquit President Bill Clinton, he undoubtedly delighted his constituents back home. Up there, they adore Mr. Clinton, and they like their Republicans tempered and iconoclastic.

Senator Slade Gorton, Republican of Washington, seemed to defy his conservative bearings when he voted for a split verdict: guilty on obstruction of justice, not guilty on perjury. But he stayed true both to a maverick streak that has run through his long political career and a role in the impeachment trial as an advocate of compromise.

In a process that has been marked so often by firm allegiance to party lines, the full or partial defection of a small brigade of Republicans was instantly riveting. But the actual ranks of renegades were really not so surprising.

The group grew Thursday night when Senator Olympia Snowe, Republican of Maine, whose vote was considered difficult to predict, announced that she would vote to acquit Mr. Clinton on both articles of impeachment.

Interviewed as she left the chamber Thursday night, Miss Snowe said she had reached her decision about a week ago, and was acutely conscious that it was at odds with most of her Republican colleagues.

"It's hard when you know that most are going in one direction, and you're going in another," she said. But she added, "In these decisions — these tough decisions, these really difficult decisions — you can only do what's

right and true, because I have to live with this for the rest of my life."

In a written statement explaining her vote, Miss Snowe said she had started the trial five weeks ago with "an open notebook and an open mind," and came to believe that Mr. Clinton's conduct was atrocious.

"If I were a supporter," she said, "I would abandon him. If I were a newspaper editor, I would denounce him. If I were a historian, I would condemn him."

But as a senator safeguarding the good of the country, she said, she could not conclude that he had committed, beyond a reasonable doubt, the kinds of high crimes and misdemeanors that warranted his expulsion from the White House.

With Ms. Snowe's announcement, the number of Republican senators who had said publicly that they would vote for acquittal on both counts reached four. In addition to Ms. Snowe and Mr. Chafee, those senators were James Jeffords of Vermont and Arlen Specter of Pennsylvania.

In addition, several senators said Ms. Snowe's fellow senator from Maine, Susan Collins, had privately indicated that she would vote not guilty on both articles of impeachment. Ms. Collins, however, had not made any public pronouncements.

Ms. Snowe, Mr. Chafee and Mr. Jeffords represent a swath of New England states that shun conservative Republicans, and embrace moderates and mavericks. Vermont has the nation's only independent congressman. Maine has one of only two independent governors.

Although Miss Snowe, Mr. Chafee and Mr. Jeffords all said they were heeding their minds and hearts, none is likely to suffer any backlash from voters. In fact, they would arguably have more cause for worry if they were to vote with fellow Republicans to convict Mr. Clinton.

In an interview Thursday night, Mr. Chafee acknowledged that calls to his office from constituents were "heavier on the president's side."

Mr. Chafee also said he did not think his Republican colleagues in the Senate, whose positions he frequently backs, would punish him.

"Each of us knows we have to struggle with these things," he said. Mr. Gorton and Mr. Specter fit a slightly different niche: senators whose senses of themselves as particularly analytical and thoughtful lawmakers sometimes nudge them toward contrary positions.

Stuart Rothenberg, editor of the Rothenberg Political Report, a nonpartisan journal, noted that Mr. Specter often reveals in his unpredictability. "He likes to think of himself as a smart, clever guy who doesn't go along with the crowd," Mr. Rothenberg noted.

Indeed, Mr. Specter thwarted convention with his quirky explanation Wednesday of his position: that the case against the president was "not proven" — a concept he said he borrowed from Scottish law — because the proceeding had fallen short of a thorough trial.

Mr. Gorton said in an interview Thursday that his decision was so carefully considered and rendered that he had written at least 10 drafts of the seven-page statement that explained it.

"I think this is a matter of individual conscience," he said.

Mr. Gorton has flexed that conscience in maverick ways before. When he was the state attorney general of Washington, he was one of the first prominent Republicans to recommend the resignation of President Richard Nixon.



Senator Patrick Leahy, left, a Democrat of Vermont, riding the Capitol subway on his way to deliberations of the Senate impeachment trial of President Bill Clinton. At right, Senator Olympia Snowe, Republican of Maine, addressing reporters. Ms. Snowe and several other Republicans joined Democrats in acquitting the president of perjury and obstruction of justice. The decisions of some of the Republican defectors was no surprise.

What Senators Said to Explain Their Vote on Clinton

New York Times Service

WASHINGTON — Following are excerpts from statements to the press by senators who sat in judgment of President Bill Clinton:

REPUBLICANS

Olympia Snowe of Maine:

Make no mistake about it, I find the president's behavior deplorable and indefensible. If I were a supporter, I would abandon him. If I were a newspaper editor, I would denounce him. If I were a historian, I would condemn him. If I were a criminal prosecutor, I would charge him. If I were a grand juror, I would indict him. And if I were a juror in a standard criminal case, I would convict him of attempting to unlawfully influence a potential witness under Title 18 of the United States Code.

However, as a United States senator, in an impeachment trial, I have but one decision: Does the president's misconduct, even if deplorable, represent such an egregious and immediate threat to the very structure of our government that the constitution requires his removal?

After due consideration of all the factual circumstances relating to this one finding, and the constitutional dictates and implications of this matter as a whole, I am persuaded that the president's wrongdoing can and should be effectively addressed by the additional remedy expressly provided by the framers in the constitution — namely, trial before a standard criminal court.

And I am further persuaded that future presidents, and future generations, can be effectively deterred from such wrongdoing by this impeachment and a potential prosecution.

The president's behavior has damaged the office of the presidency, the nation and everyone involved in this matter. There are only two potential victims left — the Senate and the constitution — and I am firmly resolved to allow neither to join the ranks of the aggrieved.

From the day I swore my oath of impartiality, I determined that the only way I could approach this case was to ask myself, "If I were the deciding vote, could I remove this president under these circumstances?" The answer, I conclude, is "no," and therefore, I will vote against both articles of impeachment.

Gordon Smith of Oregon:

I will cast two votes to convict and remove the president of the United States. Reaching this verdict has been, for me, a very difficult ordeal.

It is the magnitude of his talents that makes the magnitude of his misdeeds that much more deplorable. There can be no doubt that President Clinton's conduct has made a mockery of most of his words, or that his example has been corrosive beyond calculation to our culture and to our children.

Wayne Allard of Colorado:

After reviewing the evidence, listening carefully to the presentations of both the House managers and President Clinton's legal defense team, I have sadly come to the conclusion that President Clinton committed perjury and obstructed justice.

In my mind, these offenses do rise to the level of "high crimes and misdemeanors," and as result merit a vote for conviction.

When President Clinton chose not to "tell the truth, the whole truth, and nothing but the truth," he put himself above the law. He violated his oath, and undermined rule of law, which he had sworn to uphold.

DEMOCRATS

Patrick Leahy of Vermont:

As a former prosecutor, one of the questions I have asked myself is whether these criminal charges of perjury and obstruction of justice would have been brought against any person other than the president of the United States. If William Jefferson Clinton were Billy Blythe or Bill Jones, would any prosecutor in the country have successfully brought such charges?

Experienced prosecutors, Republican and Democrat, testified before the House Judiciary Committee that no prosecutor would have proceeded based on the record compiled by Mr. Starr. I agree and note that during the course of these Senate proceedings the case has only gotten weaker.

Robert Torricelli of New Jersey:

President Clinton's behavior is inexcusable and he has dishonored his office. Yet the manner in which this case was brought before us was an equal disgrace. We had to endure a flawed prosecutor's unending pursuit of a duly elected president. We had to watch as the House managers presented a case that did not withstand the scrutiny of fact or law.

Charles Schumer of New York:

I will be voting to acquit the president on both counts. I had to make my decision in September as a member of the

Judiciary Committee in the House.

The events of the last six months have profoundly troubled me in a way that I have never felt before. Because for the first time, I've had doubts about whether our governmental institutions can withstand the rancorous currents of the present political climate.

It has shaken me that we stood at the brink of removing the president — not because of a popular groundswell to remove him, and not because of the magnitude of the wrongs he's committed, but because conditions in late 20th century America have made it possible for a small group of people who hate Bill Clinton and hate his policies to very cleverly and very doggedly exploit the institutions of freedom that we hold dear and almost succeed in undoing him.

More troubling are the conditions that allowed this to happen than the small group who precipitated them.

The small group is not the House managers or particular officeholders of the Republican Party. It is the small group of lawyers and zealots in organizations like the Rutherford Institute who decided that they would invest time and money to exploit a personal weakness that people knew the president had, find a case to air it publicly, investigate the president's private life to the point of obsession, and use it to bring him down.

So they found Paula Jones. And whether she was truly wronged or not, we all knew it was a politically motivated case.

What is so profoundly disturbing is not that this small group of Clinton-haters hatched this plan. It's that this group — or any group equally dogmatic and cunning — came so close to succeeding.

Richard Durbin of Illinois:

Time and again the House managers failed to prove its case — failed to produce testimony or evidence and at best played to a draw. I don't need to remind my colleagues in the Senate that playing to a draw on this field comes down in favor of the president.

I will vote to acquit William Jefferson Clinton on both articles of impeachment.

Joseph Lieberman of Connecticut: No matter how deeply disappointed I am that our president, who has worked so successfully to lift up the lives of so many people, so lowered himself and his office, I conclude that his wrongdoing in this sordid saga does not justify making him the first president to be ousted from

office in our history. I will therefore vote against both articles of impeachment.

What I must do is uphold the constitution and decide whether the House managers have presented clear and convincing evidence that the president has committed a high crime or misdemeanor, which is to say whether they have demonstrated that his misconduct has so compromised his capacity to govern in the national interest that he must be removed.

I conclude that the House managers have not met that high burden.

Dianne Feinstein of California:

I will vote against conviction and removal of President William Jefferson Clinton on both articles of impeachment. I do not believe the House managers established beyond a reasonable doubt that this president is guilty of perjury and obstruction of justice.

Although I deplore the circumstances that have brought us to this point, I do not believe they present a clear and present danger to the functioning of our government, and therefore this president, who has been a good president for the people of the United States, should not be convicted and removed from office.

But let me be perfectly clear: I do not condone the behavior of President Clinton. I do not defend it and I do not accept it.

The conduct at the heart of the charges is deplorable. The president acted immorally, he acted recklessly, he acted disgracefully. He willfully misled the American people, the members of his cabinet, his staff and the judicial system.

In doing this, he has brought shame and dishonor upon the office of the president and, especially, upon himself.

Ron Wyden of Oregon:

If I might paraphrase a legal doctrine, this impeachment has become the fruit of the poisonous tree. This impeachment is a deadly plant that has flowered in the toxic soil of partisanship.

The House managers did not prove their case beyond a reasonable doubt. In my opinion, they didn't even come close.

Today I will vote to acquit on both counts. But I don't want to be my final contribution. I want to be able to tell my grandchildren that this was the point in American history where we drew a line in the sand and said "no more" to this excessive partisanship; a time when we said "no more" to a brand of politics that we know is bringing out the worst in good people.

Acquittal of President Clinton

Hillary Clinton

Private Effort to Censure President Blocked

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Hillary Clinton for Senate? Democrats Think They Hear a Yes

don't want to encourage some fool's errand," said Bill Lynch, a leading New York Democratic strategist.

Once said there were several reasons why Mrs. Clinton might not want to run. First, she would give up the opportunity to make a significant amount of money after the president leaves office.

Second, she would face a brutal campaign, particularly if her Republican opponent were Rudolph Giuliani, the mayor of New York, that would very likely resurrect issues such as the Whitewater land deal and her commodities trading in Arkansas.

"The question she has to answer is, 'Do I want to put myself through that recycling?'" one Democratic strategist said.

Third, she has had a difficult relationship with the media since coming to Washington, and could be hurt by that unless she adopted a different posture toward journalists.

A final consideration is that she might not win.

diplomat here who asked to remain anonymous. "It is amazing."

"We hope the Americans can move beyond this quickly," said an Asian official whose embassy has closely followed the yearlong scandal.

But he added that his government hoped above all that stepped-up partisan bickering in the wake of the scandal would not take a toll on his country's relations with Washington.

Others worry more about what they regard as the self-evident risks of an American president who is weakened, distracted and focused on his own political survival. Also, there is concern about his ability to deal with Congress.

For while his admitted failings are of a private sort, President Clinton commands the world's most powerful military, moves financial markets with a word and controls a devastating arsenal of nuclear weapons.

American leadership remains critical, further, to shore up peace in Northern Ireland and the Middle East, check military adventurism in Asia and keep international financial fires under control.

Many in the Middle East already question U.S. seriousness about pursuing critical goals in their part of the world, and a scandal of this magnitude has not helped, said Richard Murphy, a former assistant U.S. secretary of state for the Middle East.

"There's a conviction that if we did

not comment except to say: "That's garbage. It's a nonissue."

Now that he is leaving town, he was holding back none of his opinions: "I can say things that maybe some of those congressmen won't say because I'm going to be out of here. But I have to say what I believe."

He criticized senators who announced they would vote to acquit the president because they did not believe House proved its case.

"It's a sham," he said. "The whole trial was a sham. I felt that the managers were cut off at the knees." The Senate never wanted to hold the trial, he said.

"From the day they presented the impeachment articles to the Senate," Mr. Schippers said, "it seemed like the whole attitude of the senators was: 'We don't want to be bothered. We don't want to be annoyed.'"

The scandal coincided with the rapid spread of the Internet, in which chat room discussions of sex and jokes about sex are among the most popular topics.

But perhaps more important, a year of national soul-searching has shaped and firmed up Americans' reasoning about sex and public morality.

With near unanimity, Americans apparently find Bill Clinton's escapades wrong, even deplorable. But most Americans don't regard his sins as politically disqualifying. It is as if discussing sex for the past year has demystified the long secretive subject.

"This is an interesting, mid-revolutionary moment," said Barbara Katz Rothman, a sociologist at the City University of New York. "People feel comfortable talking about sex now, but it's too late to turn it into a shocking revelation."

Many Americans realized this year that they were more "European" in their attitudes toward sex than they had previously realized. More than 60 percent of those surveyed in a January poll by Newsweek said politicians should refuse to answer questions about their private lives. Moving sex into the public realm has, it seems, pushed the country to replace some moral judgments with pragmatism.

In the process, long-standing taboos have fallen by the wayside. Network anchors shied away from using the word "semen" to describe the stain on Ms. Lewinsky's dress after a

WASHINGTON — Monica Lewinsky is pocketing \$3 million in advance payments for her book and television projects and previously undisclosed magazine deals, according to sources familiar with the negotiations. And one of the people who secretly helped secure those deals, it turns out, is a former official in the Reagan and Bush administrations.

Richard Carlson confirmed Thursday that he provided media advice to Ms. Lewinsky while she was negotiating to sell her story. Mr. Carlson is a business consultant whose résumé includes stints as director of the U.S. Information Agency, president of the Corporation for Public Broadcasting and U.S. ambassador to the Seychelles.

"I kept it quiet, just because I didn't want to be distracted by it," Mr. Carlson said. "I told practically no one." Mr. Carlson's role was first reported by George magazine in the issue due out next week.

Mr. Carlson said he was struck by the fact that "Monica is really not interested in being a celebrity and not interested in capitalizing per se and becoming a wealthy young woman. There's the total absence of any greed factor." It's taken a lot of convincing to convince her to worry about her future and her legal bills. It's very difficult for her to get a job, and living in a regular way is awkward."

According to the sources, Ms. Lewinsky is receiving the lion's share of the \$1.5 million advance for her book, "Monica's Story," courtesy of her co-author, the Princess Diana biographer Andrew Morton. The figure is higher than in many previous news accounts because it involves two deals, with St. Martin's Press handling the American publication and Michael O'Mara Publishing in Britain distributing the book overseas. (WP)

WASHINGTON — Although he is leaving the House at the end of the month, Representative Robert Livingston will not be going for good. He plans to stay in Congress.

Mr. Livingston, a Republican of Louisiana, was set to become speaker of the House following the departure of Representative Newt Gingrich of Georgia, but two days after he admitted to having extramarital affairs, Mr. Livingston announced he would quit Congress.

After leaving office Feb. 28, he plans to set up his own lobbying shop, affiliated with the New Orleans firm of Jones, Walker, Waechter, Poitevent, Carrere & Denegre, officials close to Mr. Livingston said. (AP)

WASHINGTON — In his final impeachment trial opening prayer Friday, the Senate's chaplain offered thanks for the tenor of the debate and asked for healing for President Bill Clinton and his family.

The Reverend Lloyd Ogilvie, in his familiar resonant voice, thanked God for what he called "an open, honest debate of alternative solutions" and for a "spirit of unity" within the Senate.

"Most important of all, we know that we can trust you with the results," Mr. Ogilvie said. "You can use what is decided and continue to accomplish your plans for America."

"We entrust to your care the president and his family," he added. (AP)

Linda Tripp, saying she betrayed Monica Lewinsky to save her from being abused by the president: "As a mom, especially with a daughter close in age to Monica, I would hope some other mom would do for my daughter what I did for Monica, despite the fact that it looks horrible, that it looks like betrayal." (NYT)

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Turkey Gives Reassurances To U.S. on Use of Base

By Stephen Kinzer
New York Times Service

ISTANBUL — Turkey reassured the United States on Friday that despite its decision to receive the Iraqi deputy prime minister, it will continue allowing U.S. warplanes to use a base in Turkey for bombing Iraq.

"It is a decision made by Parliament, and only the Parliament can change that," Foreign Minister Ismail Cem said in Ankara. "The government cannot do anything about it, and does not have the intention in any case."

The Clinton administration has expressed displeasure over Turkey's announcement that Deputy Prime Minister Tariq Aziz will arrive Monday for high-level talks. The visit comes as the United States seemed to be making headway in its efforts to isolate the Iraqi regime.

The visit by Mr. Aziz is part of an Iraqi campaign to break out of that diplomatic isolation. In recent days, Foreign Minister Mohammed Said Sahhaf has visited Morocco, Algeria and Tunisia bearing letters to their leaders from President Saddam Hussein. He is expected to visit other Arab and African countries soon.

Turkish leaders have told their American allies that they are not seeking to undermine U.S. policy toward Iraq, but say that as one of Iraq's neighbors they must maintain contact with Baghdad.

"It's natural to try to broaden our ties with our neighbors," Prime Minister Bulent Ecevit said at a news conference. He added that he would offer "constructive proposals" to Mr. Aziz, but did not elaborate.

"Those who are worried about this meeting will see their concerns are unfounded," Mr. Ecevit said. U.S. planes based at Incirlik Air Base in southern Turkey have been bombing Iraq regularly in recent weeks. Several Turkish leaders, including Mr. Ecevit, have suggested they are uncomfortable with the steady raids.

The United States and Turkey are NATO allies and cooperate closely on many military and political issues. There is growing resentment here, however, that U.S. policymakers have not consulted Turkey more fully on matters related to Iraq.

Turkey was a member of the allied coalition in the Gulf War, but has not been pleased with U.S. policy toward Iraq since the war ended.

Before the war, much of southeastern Turkey lived from border trade with Iraq. Most of that commerce has been cut off due to trade sanctions imposed on Iraq by the United Nations. Turkey has lost billions of dollars as a result, and thousands of families in the border area have lost their livelihoods.

Turkish leaders are also unhappy about the American role in creating and sustaining a Kurdish haven in northern Iraq. They say it has become a sanctuary for Kurdish guerrillas operating inside Turkey, as well as an unwelcome model for Turkish Kurds who would like a self-governing enclave of their own.

"The Turks want to be players, and they don't want to give Iraq the sense that they are 100 percent beholden to the Americans," said a senior European diplomat in Ankara. "They're suffering economically from the sanctions, and they're living next to a mad dictator who's being bombed every day and who might strike out against his neighbors. There's a feeling of insecurity in the neighborhood. It's very natural that they should want to take Iraq's pulse and see if they can start a dialogue."

Turkish military commanders, who traditionally support close ties with the United States, would probably oppose an effort to move Turkey closer to Iraq.

Their concerns have been underlined by a recent debate over the new Iraqi ambassador to Turkey, Faruk Hejazi. News reports have identified Mr. Hejazi as a former top official of the Iraqi intelligence service, and one newspaper asserted that his job is to be Iraq's "chief spy in Ankara."

U.S. Jet Bombs Iraqi Artillery

Compiled by Our Staff From Dispatches

WASHINGTON — An air force F-15E jet bombed an Iraqi anti-aircraft artillery site Friday after it was fired on, a U.S. military official said.

The attack in the northern no-fly zone occurred north of the city of Mosul, which is 400 kilometers (250 miles) north of Baghdad.

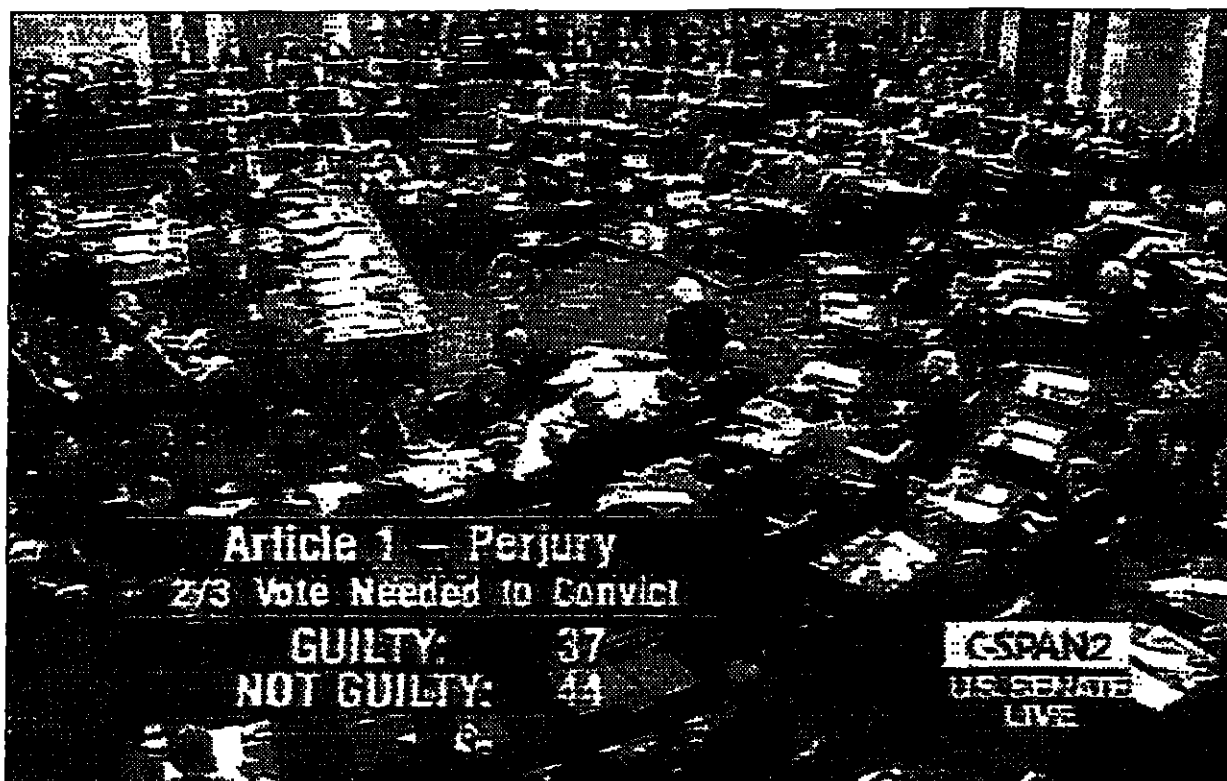
The jet dropped one bomb on the site in response to the firing, said Captain Mike Blass, spokesman for the U.S. European Command in Stuttgart, which oversees the northern zone.

He said that there was no damage to coalition aircraft and that damage to the Iraqi site was being assessed.

In Baghdad, the official Iraqi News Agency said one person was killed and one was wounded in the attack. The planes "fired a missile at random on a civilian installation, which led to the martyrdom of one person and the wounding of another," the agency reported.

On Thursday, Iraq said that two civilians had been killed and several wounded in attacks. The U.S. European Command, which oversees the northern zone, said a damage assessment was being done. American aircraft pounded Iraqi air-defense sites Wednesday and Thursday.

The attacks have done little to stop Iraqi challenges, which began in December after four nights of air and missile strikes by the United States and Britain.



The Senate, voting Friday on the first article of impeachment, just after acquitting President Bill Clinton.

STARR: The Big Question Is Whether Prosecutor Will Indict

Continued from Page 1

expires next month, but Mr. Starr, if he wanted to wait until after Mr. Clinton's presidency, could simply present the evidence to another grand jury.

There is also the possibility that he could seek an indictment of Mr. Clinton under seal — or has already done so — but that could conflict with Mr. Clinton's right to a speedy trial and confer no obvious strategic advantage.

The recent and planned departures of some of Mr. Starr's senior aides also lend weight to the idea that there is no plan in place to pounce on the president now that the impeachment trial is over.

Although one Starr ally derided such analysis as "Kremlinology," several of his key aides, including Brett Kavanaugh, an appellate expert, and Robert Bittman, who handled the Lewinsky investigation, are leaving. Jackie Bennett and Solomon Wisenberg, both key lawyers in the Lewinsky investigation, are also said to be hunting for jobs, suggesting that they do not expect the office to be embroiled in the first prosecution of a president any

time soon.

Theodore Olson, a Washington lawyer and a close friend of Mr. Starr's, said he had not discussed the question with Mr. Starr but expressed doubts that he would indict Mr. Clinton while he is in office.

"He is a cautious person," Mr. Olson said. "However he may have been characterized by the James Carville of the world, I think he would not take that step lightly during the president's tenure or even afterward."

"I can't see him rushing into doing something like this, but what he has in mind, I have no idea."

Friends also think that Mr. Starr is eager to leave office.

In 1997, he was forced to cancel his plan to assume the deanship at Pepperdine law school after an uproar over whether he was bailing out on the White House investigation at a critical time.

And last summer, as the Lewinsky inquiry heated up, he took a leave from his million-dollar-a-year partnership at Kirkland & Ellis "until I complete my public duties."

Mr. Starr told Congress in his referral

five months ago that he believed there was "substantial and credible information" that Mr. Clinton lied under oath, both before the grand jury and in his deposition in the Paula Jones civil lawsuit, and that he obstructed justice in trying to cover up his affair with Ms. Lewinsky.

The independent counsel suggested to the House Judiciary Committee in November that he had not yet reached a final conclusion on the tougher question of whether the evidence against Mr. Clinton added up to enough to a "fair-minded jury would convict based on these facts, with the witnesses as we find them, beyond a reasonable doubt."

Some believe that the statements Mr. Starr has made about the gravity of Mr. Clinton's actions suggest that he will move forward with an indictment at some point. After the Senate's vote to acquit, said a William & Mary College law professor, Michael Gerhardt, "There will be a sense among many in that office that they'll want to see justice done and justice in their view requires indicting the president."

Mr. Starr told Congress in his referral

this week, "He is not trustworthy." If, as predicted, Mr. Clinton mounts a campaign to punish the House prosecutors at the polls next year, that will certainly do little to advance his legislative agenda.

And if, as his State of the Union speech suggested, he veers away from his centrist, smaller-government philosophy to reward the liberals who have stood beside him, that could hurt him as well.

Another imponderable is Mr. Starr's follow-up to impeachment. If he tries to indict Mr. Clinton before the president leaves office, that would put a crimp in a comeback.

It is a lot harder to calculate how much the office, as opposed to the man, has been damaged.

Professor Schlesinger looks to the 19th century and the example of Andrew Johnson, and it is undeniable that he was followed by a succession of second-rate presidents of both parties.

But were the presidents of that day passive because the Johnson impeachment had undercut presidential authority, or because they and the American public saw little need for boldness or innovation? It was an era, like the present one, when government did not seem of major importance to the average citizen.

Those like Senator Baker who look to this century and the example of Richard Nixon see a political system tough and resilient enough to snap back quickly, even in a day of news media for whom little is sacred and even in a day when fewer and fewer moderates find their way to Capitol Hill.

The presidency, it is true, recovered even more quickly than Richard Nixon himself. Ronald Reagan, who took office only six years after Mr. Nixon left, found all the presidential power he needed to impose lasting changes.

But not even presidents with policies as popular as Mr. Reagan's and Mr. Clinton's have been able to restore the reputation of the federal government in among voters. Fewer and fewer pay attention to what happens in Washington; fewer and fewer vote.

ACQUIT: Clinton Cleared on Both Counts

Continued from Page 1

accomplish some real policy here." Senator Orrin Hatch of Utah, an influential Republican, added that Mr. Clinton "has been severely criticized by every member of the Senate — not one Democrat, not one Republican failed to criticize his actions — and I hope that he'll treat it as a rebuke that he needs to work on."

Mr. Clinton was in the White House during the vote, but aides said he did not watch it on television. He emerged later to say, "Now that the Senate has fulfilled its constitutional responsibility, bringing this process to a conclusion, I want to say again to the American people how profoundly sorry I am for what I said and did to trigger these events and the great burden they have imposed on the country and on the American people."

Mr. Lockhart said Mr. Clinton learned the results when his chief of staff, John Podesta, telephoned him.

Mr. Clinton asked Americans to "rededicate" themselves "to the work of serving our nation and building our future together."

"This can be and this must be a time of reconciliation and renewal for America."

Ms. Lewinsky, the young woman who began an affair with Mr. Clinton while a volunteer worker in the White House, watched the voting on television, her associates said.

The Senate Republican leader, Trent Lott of Mississippi, tried to put the best face on the trial and its outcome. He had generally received high marks for his efforts to maintain decorum and, where possible, bipartisanship.

"We did our constitutional duty," he said. "We handled it in a way we can be proud of."

Mr. Lott bridled, however, at the idea that the process had been driven by Republicans. Senators had been enjoined when the trial began to do "impartial justice." In the end, only Republicans split their votes.

The Republicans who voted against the perjury count were, for the most part, Northern and Southern moderates. They were Senators John Chafee of Rhode Island, Susan Collins of Maine, Slade Gorton of Washington, James Jeffords of Vermont, Richard Shelby of Alabama, Olympia Snowe of Maine, Arlen Specter of Pennsylvania, Ted Stevens of Alaska, Fred Thompson of Tennessee and John Warner of Virginia.

A smaller group of Republicans, all Northeasterners, voted against the obstruction charge: Senators Chafee, Collins, Jeffords, Snowe and Specter.

Mr. Hatch described the perjury vote as "a loss for the House managers" and the obstruction vote as "a hung jury."

Most of the House managers had already resigned themselves to defeat.

Representative Henry Hyde of Illinois, who led the prosecution team, said, "All Americans can take great comfort" in the result. "Congress has strengthened, not weakened, the ties that bind our nation together."

Five months after the independent counsel, Kenneth Starr, sent his voluminous referral about the Lewinsky matter to Congress, Mr. Hyde said he had "no regrets." As chairman of the House Judiciary Committee, he conducted the impeachment hearings that led, on Dec. 19, to approval of the articles of impeachment.

After the votes were concluded, Justice Rehnquist thanked senators for their patience, saying, "I leave you now, a wiser but not a sadder man," and added, "Our work as a court of impeachment is now done."

In a rather surreal closing to an often surreal year, Mr. Lott then presented him with a "golden gavel" award given to anyone who has presided 100 hours or more in the Senate, and Mr. Daschle joined the two, and the plaque, to pose for photographs.

The results of the votes were formally delivered to the State Department to be deposited with Secretary of State Madeleine Albright, a procedure followed before only in the 1863 impeachment trial of President Andrew Johnson.

In the end, Mr. Clinton owed his acquittal to the solid support of Democratic senators. Although many had harshly criticized his conduct, not one voted for conviction.

Mr. Clinton's survival had been assured when all but one of the 45 Democrats voted earlier to dismiss the trial. The only suspense had been over whether majority votes would be mustered in symbolic vindication of the House prosecutors, and of Mr. Starr, whose nine-month investigation formed the evidence

entire backbone of the case. But five moderate Republicans had announced early that they would oppose both articles of impeachment, enough to prevent even a simple majority for conviction. Speaking outside of them had expressed contempt for Mr. Clinton's conduct but said it did not reach the level of "high crimes and misdemeanors."

At the end of the wrenching and exhausting ordeal, the sense in the Senate was one of almost breathless relief, and some quiet satisfaction.

"The process has worked," said Mr. Hatch said.

"The institution of the presidency is more important than any single person and members of Congress need to work with whoever's president," he said.

Relief was even more palpable in the White House, where Mr. Clinton's legal team returned shortly after the trial was over. In the last year, Mr. Clinton, against tough odds, had prevailed over some of his bitterest foes — and saw one of his toughest Republican rivals, former Representative Newt Gingrich of Georgia, fall by the wayside as an indirect result of the scandal's handling.

But White House spokesmen have insisted that there would be no public gloating or seeking of revenge against those who sought Mr. Clinton's removal.

Boosted by resilient public support, and kept alive politically by his wife's critically important public shows of loyalty and the fact that not even one leading Democratic legislator or cabinet member had deserted him, Mr. Clinton stayed in office through 13 months of political, personal, legal and constitutional challenges. Yet, he emerges a fragile survivor.

Most Americans, cheered by the strong economy, strongly support his work in office. But most also disdain the behavior that brought scandal to the capital.

His political room for maneuver has been sharply reduced, his every political action will be scrutinized for partisanship or vengefulness, and his public opinion ratings, some critics suggested, can go nowhere but down.

A president known to be keenly interested in his historic legacy will in the end be remembered in every history book with one sentence, said a sympathetic Democratic senator, Christopher Dodd of Connecticut: "This was an impeached president."

The mostly partisan votes Friday underscored the sense that impeachment was a Republican-driven attempt to humble or remove a president who repeatedly has foiled, bested and outmaneuvered Republican rivals.

But some Republicans, even those who voted for Mr. Clinton's removal, said Friday that they were ready to work with him now.

"As long as he does what's right, he'll have whatever support I can give him," Mr. Hatch said.

How Senators Voted On Pair of Charges

The Associated Press

The two votes cast by senators Friday on removing President Bill Clinton from office. The first was on the impeachment article alleging perjury before a grand jury, which was rejected, 45 to 55. The second vote was on the article alleging obstruction of justice, which was rejected, 50 to 50.

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Piao Erzi, a farmer, and Kim Jin, a young woman who was smuggled from North Korea and sold for \$500, were married in January.

KOREA: Girls Being Sold to Chinese as Brides So That Their Families Can Eat

Continued from Page 1

karaoke halls and brothels, which line the grimy streets of small cities in northeastern China.

But most are sold to single men from villages that many young Chinese women have abandoned for what they see as the brighter vistas of bigger cities. Aid officials said they had no estimate on the number of women streaming into China. But several said they believed the number of smuggled women was increasing.

The reason, they said, is that North Koreans already have cannibalized a large portion of their factories and clear-cut a large part of their forests to trade to China for grain. "They need other things to trade," a South Korean aid worker said, "so they are trading their girls."

Chinese smugglers here, engaged in moving everything from spare parts to cars and women from North Korea to China, corroborated this view.

In their den, a circle of three houses on Chinese territory just opposite the North Korean city of Musan, two acknowledged that the four women they were keeping in one of the red brick buildings were North Korean and bound for customers in China. "They don't have anything else," said one of the men, referring to his North Korean partners.

"We've cleaned out the mine and the chicken farm," he said, speaking of what had been Musan's two biggest industries. "Now we are taking their pretty girls."

A person involved in the trade in Yanji, a

regional center, said the price for a "North Korean miss" ranged from \$800 to \$1,150, depending on her age, looks and health. Health was very important, he said, because so many of the girls were malnourished and gaunt.

He had arranged for the marriage in January of one woman who was smuggled to China.

Kim Jin Hai, 23, of Hyesan and Piao Erzi, a 26-year-old ethnic Korean farmer, married in a village near Helong, about 30 miles from the border.

Mr. Piao said that his new wife was the daughter of well-placed local officials in North Korea, but that even they had determined life at home was deteriorating. But she disagreed.

"Everything was fine at home," Mrs. Kim said. "We lived better than these peasants." Mr. Piao countered, "So why did you come to China?"

The Yanji smuggler said he paid \$500 for Mrs. Kim but gave her to Mr. Piao, a distant relative, free. He said he had significant dealings with Mrs. Kim's mother, whom he described as part of a network of North Korean officials who travel regularly to the Yanji area on such business as selling antiques and ginseng and smuggling cars.

The Chinese government is trying to fight the trade in wives. In the past two months, authorities have raised the fine for smuggling women to more than \$1,000, local people said. But they said that had not dampened business much because smugglers could recoup the fine in a single sale.

Private aid officials, often South Koreans, also are trying to stop the sale of women. They also try to keep them from border police

who would repatriate them to an uncertain future in North Korea. Some have tried to help the women go, via Mongolia, to Kazakhstan, which has a large population of Koreans.

The aid groups are operating illegally, for China does not recognize North Koreans as refugees and has outlawed any attempts to help them.

Nevertheless, an aid worker was patrolling the border one night recently.

In the headlights of his jeep, he saw two women being led by a man. "Korean girls!" he shouted to the driver. The pair jumped out into the snow and gave chase into the forest, shouting after the girls in Korean, "We're here to help you, we're here to help you!"

But "we reacted too slowly, the aid worker said as they returned to their vehicle. "Those girls got away."

Back at the jeep, nine North Korean refugees, mostly elderly women and men, waited, fearing capture by the border police.

Aid officials did manage to rescue the Han sisters after a local Chinese resident tipped them off to the businessman trying to sell two teenagers.

The Han sisters have been placed in the home of an ethnic Korean couple in Wangjiang, a small town 80 kilometers (50 miles) north of the border. An aid agency is giving the family food to feed them. But the fate of their mother rests on their minds.

"Will you save her?" Han Jin O asks. "Will you save my mother?"

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EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Suing the Tobacco Industry

The \$51.5 million judgment against Philip Morris Cos. by a California jury could well trigger a slew of individual lawsuits by Americans who have gotten sick or died from smoking. The \$1.5 million in compensatory damages and \$50 million in punitive damages awarded to a 53-year-old smoker who has inoperable lung cancer may still be overturned on appeal, as have verdicts in the past that have favored smokers.

But many potential plaintiffs, and those who already have filed lawsuits elsewhere in America, will be encouraged by this case and other recent developments. President Bill Clinton's decision to sue the tobacco industry for billions of dollars spent treating tobacco-related illnesses under Medicare and other federal medical programs will compound the industry's problems.

New evidence that has been unearthed in state lawsuits shows that the industry tried to conceal the hazards of smoking and the addictive nature of nicotine. Juries that are faced with such information may be less apt than earlier juries to blame smokers for assuming

the risks of smoking, and more eager to punish cigarette makers for fraud and deception. Even if big verdicts are reduced or overturned, simply defending hundreds of cases could be financially debilitating for the manufacturers.

The prospect of fighting endless private and federal lawsuits could cause the industry to seek a deal with Congress. Such a deal could settle the potentially enormous federal claims, but it must not give the industry immunity from other lawsuits, which remain a useful hammer to compel responsible behavior. The industry already has agreed to pay 46 states \$206 billion over the next 25 years.

Last year's tobacco bill would have granted the Food and Drug Administration authority to regulate tobacco and nicotine, greatly restricting marketing practices that attract teenage smokers and required the industry to pay penalties if youth smoking rates do not go down in the next decade. Those elements ought to be part of any new legislative proposal.

The New York Times.

Zimbabwe's Broken Promise

Few African countries have followed a more disappointing trajectory over the past two decades than Zimbabwe. Once a model of democracy, law and tolerance, this nation of 13 million people is becoming a fearful, militarized autocracy. President Robert Mugabe's latest directives against journalists and judges are particularly troubling.

Zimbabwe's foreign friends, including the United States, must press Mr. Mugabe to halt this slide into tyranny. The crisis began last month when Zimbabwe's army arrested and tortured two journalists who had reported a failed military coup attempt. Three supreme court justices then called on Mr. Mugabe to affirm the rule of law by reminding the army that it had no right to arrest civilians and that torture by anyone was unacceptable. Instead Mr. Mugabe defended the military's conduct, denounced the press and called on the justices to resign.

Independent Zimbabwe, born after guerrilla warfare and international diplomacy ended the injustices of white minority rule, at first embraced a philosophy of racial and social reconciliation. A new constitution protected minority rights. White farmers were left on their land and even the white former prime minister, Ian Smith, re-

tained a seat in Parliament. But as years passed, Mr. Mugabe grew obsessed about threats to his power and began demonizing critics of all varieties.

In the 1980s, his soldiers killed innocent civilians while crushing an insurgency based in the minority Ndebele people. Then he set out to marginalize political opposition groups and create a virtual one-party state. More recently he has turned against white landowners, student groups, labor unions and homosexuals. Official favoritism and corruption have marred his rule at home, while abroad he has sent Zimbabwean troops to prop up Congo's dictator, Laurent Kabila.

Mr. Mugabe should break off this costly and unpopular foreign adventurism and pay attention to Zimbabwe's pressing needs, including rapidly rising food prices, severe unemployment and an AIDS epidemic now estimated to affect almost one in four adults.

The growing economic pressures have brought months of unrest, to which the government's main response has been repression. Instead of harassing potential opponents, Mr. Mugabe should, at age 74, be making room for new leaders to step forward when his term ends in 2002.

The New York Times.

A Disastrous Merger

The abrupt departure of the two top officers of Germany's Bayerische Motoren Werke AG, Bernd Pischetsrieder, and his designated successor, Wolfgang Reitzle, as a result of problems at the carmaker's Rover subsidiary in Britain offers a warning about the hazards of the current merger wave in the automobile industry.

BMW bought Rover in 1994, paying \$1.2 billion for the British company in a move widely hailed as wise because it put the German luxury carmaker in two promising segments: sport utility vehicles and small cars. Since then, BMW has lost money on Rover, despite large additional investments, and now the German company's supervisory board has ousted the executives deemed most responsible for the losses.

It is not clear what the company will do, although there are reports it is seeking a large British government subsidy to persuade it to keep Rover's oldest and largest manufacturing plant in Longbridge in operation.

What went wrong? In part, BMW's problems reflect worldwide overcapacity in small cars, which have produced losses that could not be offset by the profits from large sport utility vehicles. But they also reflect the difficulties of integrating diverse automakers, particularly given national sensibilities about employment levels and investment.

BMW seems to have hesitated to pursue economies from using the same undercarriage for both its cars and Rovers, thus leaving costs high.

Rather than a harsh overseer, it became a wealthy parent.

The auto industry is now in a period of consolidation, with Daimler-Benz having taken over Chrysler, Ford agreeing to buy Volvo and Japan's troubled Nissan seeking a foreign investor.

The lesson of BMW should remind them that mergers often do not work out as planned, and that savings are easier to anticipate than to realize.

The New York Times.

Holbrooke's Bumpy Road

American ethics laws keep officials who have left the government from contacting their old agencies on private business for at least a year. This is how the diplomat Richard Holbrooke, nominated as ambassador to the United Nations, got caught up in a Justice Department ethics investigation. The initial charges brought against him turned out to be groundless. But investigators came upon other issues bearing on contacts he made with the U.S. Embassy in South Korea only a few months after he had left the diplomatic service for private business. Meanwhile, he had accepted a role as an adviser to the secretary of state.

For those contacts in Korea, Mr. Holbrooke has now come to an agreement with the Justice Department un-

der which he agreed to pay \$5,000 to settle civil charges without any admission of wrongdoing.

Most people will be ready to pronounce the matter over. Mr. Holbrooke's ethical conduct got a fine-tuned combing, and a resolution was reached both upholding the scrutiny and liberating its subject for another round of public duty.

But Senator Jesse Helms, chairman of the Foreign Relations Committee, promises to "retrace the Justice Department's footsteps, step by step." It took the Clinton administration an excruciating eight months to bring its nominee to executive-branch closure. Mr. Helms cannot have another eight months' inquiry in mind, can he?

The Washington Post.

The Constitution Wins in the Impeachment Process

By Laurence H. Tribe

CAMBRIDGE, Massachusetts — When, as expected, President Bill Clinton is acquitted, the impeachment drama will have yielded few heroes — except the constitution's framers, whose wisdom that drama will again have vindicated.

As America learned in a yearlong civics lesson, the constitution, in this area as in others, provides broad principles, not point-by-point instructions, guiding but not resolving the debate over issues like the meaning of "high crimes and misdemeanors." That different audiences drew competing inferences from the framers' words was exactly as they might have wished.

Among the most basic of the constitutional inferences this impeachment process will have reinforced is that consensual private intimacies, even when they have public dimensions, fall neatly if at all within the government's powers to investigate or to punish.

That the impeachment process ultimately will have treated the cover-up of a sexual affair — even between the president and a young White House intern, and even extending into the judicial process — as very different from the cover-up of, say, a break-in aimed at the president's political opponents reinforces the constitutionally special status of the private sphere.

And that it was the people rather than their elected representatives who grasped that distinction earliest and held onto it most tenaciously has been a crucial reaffirmation of the constitutional truth proclaimed at Gettysburg — that ours is indeed a government of, by and for the people.

Unless the rights of individuals or minority groups are threatened, America's governing institutions are structured to make the sustained will of a significant majority all but impossible to topple — as the failure of the effort to remove Mr. Clinton illustrates.

Many who have urged the president's removal have been willing to see him remain in power if only he would confess that he committed a crime — strongly suggesting that no danger to individual rights or to the constitutional system itself was perceived in the president's admittedly shameful behavior. This impeachment has been less about danger to the nation than about disgust with the president's attitude.

Failure to convict and remove him will reaffirm the limited role the constitution gave the impeachment mechanism: To shield the nation against rogue presidents, not to punish presidents who are rogues.

Crucial to that rightly confined role is the two-thirds vote required for conviction. That requirement would have been effectively scuttled if plans had materialized for a majority vote finding that the president lied under oath and obstructed justice, or convicting him but declining to remove him. The constitution dodged a bullet when those efforts collapsed.

It dodged another when senators resisted efforts by White House counsel to rest the distinction between this case and cases of judges removed for perjury on the shaky ground that judges alone

may be removed for bad behavior short of high crimes and misdemeanors.

Embracing the theory that judges ought to be relatively easy to remove would have endangered the independent judiciary and thus the entire constitution. And no such theory was needed to see that conduct making a judge who sits for life dangerous to the republic need not have that significance in a president who serves a four-year term.

At the same time, the Senate's rejection of the most exotic or technical grounds for dismissing the impeachment articles — the fact that they were approved by a lame-duck House, for instance, and the fact that they were poorly drafted — vindicated the framers' wisdom in making the process more political than legal, for even a nation desperate to see this tawdry tale end might have found a trick ending too tough to take.

Perhaps the deadliest bullet the constitution will dodge with the acquittal by the Senate is that of impeachment wielded, however sincerely, as a purely partisan tool rather than as a political device for giving voice to a bipartisan consensus that an official is too dangerous to leave in office.

Chief Justice William Rehnquist, in his book "Grand Inquests," stressed how vital it was for the independence of the judiciary and for the strength of the presidency that Justice Samuel Chase in 1805 and President Andrew Johnson in 1868 were acquitted by the Senate after highly partisan impeachments by the House.

Similarly, the acquittal of Mr. Clinton will allow us to take comfort that

the presidency escaped becoming dangerously dependent on a Congress controlled by the opposite party. The Senate will once again have affirmed the success of the constitution's design.

Beyond the danger of congressional dominance over the other two branches was the risk that promiscuous and partisan use of the impeachment technique would leave it too tarnished to serve as a check against real abuses of judicial or executive power.

The happy irony is that the origins of the Clinton impeachment — in the zeal of an independent counsel whose office should have been held unconstitutional years ago, in the Supreme Court's dubious decision to permit a civil suit to proceed against a sitting president, in a partisan commitment to topple a president who embodies all that many conservatives detest about the culture and values of the 1960s — may well provide grounds to view this impeachment as an aberration. That will prevent impeachment itself from falling into general disrepute.

Although some will continue to condemn an acquittal of this president as proof that no constitution, however liberally conceived, can protect Americans from their own moral weakness, I believe history is more likely to view it as a verdict that kept the constitution's processes of impeachment and removal intact so that they might serve their crucial mission if and when Americans face a genuine threat of tyranny.

The writer, professor of constitutional law at Harvard University, contributed this comment to The New York Times.

A Proposal for a Better Way to Run a Divided Government

By Henry S. Reuss

WASHINGTON — The damage wrought by the impeachment fiasco will linger on. A precious year has been taken from the pressing problems of government.

The world is wondering what has happened to its greatest democracy. Reckless partisanship engendered by the proceedings continues to seethe.

There must be a better way to run a government.

The U.S. Constitution is a "sacred document," but it is not infallible. When the framers adapted the impeachment clause from the British, they envisaged neither political parties nor divided government. Factions, however, soon grew into parties. And today divided government has become the norm. Since I came to Congress in 1955, a president of one party and a Congress of the other party will by the year 2000 have reigned for 32 out of 46 years — six of Dwight Eisenhower's eight, all of Richard

Nixon's and Gerald Ford's, all of George Bush's and Ronald Reagan's, six of Bill Clinton's eight. Partisanship and divided government between them have made presidential impeachment a monster American can't seem to slay.

The Clinton trial has demonstrated how hopelessly ambiguous is the listing of impeachable offenses — "treason, bribery, other high crimes and misdemeanors." It also has revealed how crushingly disruptive it is for a Congress of one party to attempt to remove from office a head of state and government whom the people have elected.

If continued, the practice could transform our presidential separation of powers system into a kind of bastardized parliamentary system.

In the 1980s the bipartisan Committee on the Constitutional System — led by Douglas Dillon, Nancy Kassebaum Baker and Lloyd Cutler

— undertook a lengthy study of what might be done to provide a safety valve for the divided government that was becoming endemic. Our January 1987 report expressed the "hope that Congress will soon initiate a study to determine whether the constitution in its present form can provide effective, accountable government for a third century." Sadly, Congress did nothing and simply waited for the deluge. Now it has come.

One of several proposals contained in our 1987 report was one I had put forward in 1973, at the height of the Nixon crisis. It would have provided an alternative remedy to the present constitutional means in which impeachment is the only way whereby the congressional party of a divided government can resolve the gridlock between it and a president it deems a failure.

My proposal would have empowered a Congress in

deadlock with a failed president to call a prompt special election for president and all members of the House and Senate, for new, full terms. The requirement that Congress would have to put its own seats at risk would, I suggested, place a check upon partisan irresponsibility.

The proposal attracted attention. But when Mr. Nixon resigned in August 1974, many concluded that "the system worked," and interest in the proposal subsided. What was overlooked was that if the fateful Nixon tape had not been discovered, the system might not have worked.

Had this special-election proposal become part of our constitutional system, the present Republican-controlled House could not have asserted, as it did, that impeachment was the only game in town. Empowered with a special-election alternative that would have given the people the right to confirm or reject their pres-

ident, senators and representatives would either have had to put up — call a special election and risk losing their own seats — or shut up, perhaps settling for some form of censure. Surely they would have taken the latter alternative.

There may be other betwixt ways of allowing the presidential impeachment process to die among its worshippers. But the special-election proposal both preserves the separation of powers and offers a safety valve for resolving governmental stasis.

Congress has not exactly covered itself with glory of late. It could make amends and restore public confidence if it now proceeded to study whether gridlock does not need a better safety valve than impeachment.

The writer, a Democratic representative from Wisconsin from 1955 to 1983, contributed this comment to The Washington Post.

The U.S. Must Clarify Its Policy on Missile Defense

By Stephen S. Rosenfeld

WASHINGTON — America is moving into a new phase of concentration on defense against ballistic missiles, and there is a danger that it will get off on the wrong foot.

American defensive missiles have two aspects. One is that, assuming that they work, they can protect a regional "theater," or, theoretically, the whole nation. America's deterrence of the nuclear threat from rogue states, which are presumably ready to take risks that the adversary in the Cold War might not give the United States the advantage it seeks. So America must plan an adequate defense. This is the rationale for its missile defense. With the rogue threat growing, it is a sensible response.

The trouble comes with the other aspect of defensive missiles. A missile shield does not just block missiles. It can lead to a state that fears its missiles may be blocked to the further fear that the blocking party may be building a shield behind which to plan an aggressive policy or even a first strike.

That is why countries such as Russia and China depict an extended American shield as "destabilizing." They look to a time when the United States feels secure and powerful behind a missile shield far beyond their own technological and financial matching, when Washington reaches a position to limit their policy.

America is concentrated on defense against rogues and tends to think less of the secondary effects that a rogue-oriented American missile shield might have on countries that are rogues but whose nuclear arsenals make up a core part of their policy, their security and

their identity in the world. To the rogues the United States owes nothing. Its defensive missiles would be designed precisely to limit the options of the rogues and to keep them from threatening America and its friends.

But to other countries the United States owes a policy designed to avoid contributing gratuitously to their strategic anxieties. That does not compel America to forgo a missile defense against the rogues. It means that such a defense should not give strategic offense to Russia and China. Those two countries are capable over time either of buttressing America's security and welfare or of becoming distant and hostile to American interests. A missile-defense program that left them suspecting the United States wanted to nullify their

strategic arsenal is the very definition of instability.

Russia: We have a long history of dialogue and arms control with the old Soviet Union but a lesser connection with the new Russia, which in its current weakened condition is prone to insecurity and flashes of nationalistic distrust. The United States cannot simply dismiss what the Russians say about its missile defense plans as hysteria. Washington needs to explain again and again that the lesser theater missile defense it now contemplates is not intended to become a greater defense covering the entire United States. To convey such a message, of course, the United States must examine and render explicit the purposes of its policy.

Technological progress will thrust upon America the question of whether it should extend the fruits of its missile technology to the Russians. To extend on Washington's agenda for dealing with other friends and allies, the State Department's Strobe Talbott told me this week. But Russia is something else: A country to whose

friendship and modernization the Clinton administration is enthusiastically committed but also a country that many Americans would not admit to the inner circle of trust.

China: Toward Beijing the ambivalence that Americans show to Russia yields to a broad questiness about China's presumed aspirations to become not just a regional power but a world power. It matters that where Russia is currently a broken country, China is a country stressed but capable right now of an assertive policy.

It also matters that missile defense touches the issue of Taiwan. Set aside the questions raised by American favor for extension of missile protection to Japan and South Korea. Raising a missile umbrella over Taiwan might be justified to counter a Chinese threat but would have to be handled in a way that does not inflame Chinese suspicions that the United States is backing out of its basic one-China stance. Of course, China, now training additional missiles on Taiwan, has its own responsibility not to feed the fire.

The Washington Post.

Royal Pomp for Chinese Generals

By Edward Timperlake and William C. Triplett 2d

WASHINGTON — A foreign army general known to have the blood of his countrymen on his hands travels on a diplomatic passport to a democratic country. If the general's name is Augusto Pinochet and the democratic country is Britain, he is stripped of his diplomatic status, placed under arrest and threatened with extradition into the hands of his accusers.

But what if the general's name is Zhang or Xu or Chi? And what if the blood on their hands comes from Chinese young people? And what if the democratic country they visit is the United States?

When General Zhang Wannian slipped into Washington in mid-September, the White House was more than a bit uneasy. Although General Zhang was the highest-ranking People's Liberation Army officer ever to visit the United States, the Pentagon refused to provide reporters with his biography. "Classified," they

said. China's state-run news agency, Xinhua, ran a picture of General Zhang with President Bill Clinton on the front pages of Chinese and Hong Kong newspapers only. No picture of General Zhang and Mr. Clinton was ever released in the United States.

What was so sensitive about General Zhang's visit? Perhaps the White House did not want the American public to know that another Chinese general was getting the royal treatment in Washington. According to the U.S. consulate general in Hong Kong, all Chinese Army military region commanders sent troops to Beijing to participate in the massacre around Tiananmen Square in 1989. At the time, General Zhang was the commander of the Guangzhou Military Region, and his troops assaulted the square from the south, filling hospitals with dead and wounded.

By our count, at least six Chinese generals with substantial responsibility for murdering their own young people have received full military honors in the United States. And most of the visits have been outside of public view.

But these visits are noticed in China. Typically, the controlled press spreads accounts of them across the front pages of the newspapers.

We believe that the administration's program of rehabilitating the Chinese people's oppressors while keeping it secret from the American people represents both a fundamental error of foreign policy and a violation of the public trust. It is time to show that the Law Lord's decision in the Pinochet case has a wider application.

Mr. Timperlake is a former chief Republican counsel of the Senate Foreign Relations Committee. Mr. Triplett is a former investigator for the House Rules Committee. They contributed this comment to The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1899: Air Motor

NEW YORK — What is the new motor which, if its owners promises are kept, is to banish horses from the street and eventually vanquish electricity and the cable? What is this compressed air into which capitalists and politicians are punting their money so liberally? How is it to be used? If anticipations are realized, air-driven vehicles will soon become one of the commonest sights. Air has an advantage over steam because the steam cannot be carried about in tanks ready for use. At the end of every run of two hours the supply of air must be renewed in the reservoirs, but the claim is made that this can be accomplished in two minutes, and therefore necessitate no appreciable delay.

Methuselah if it is not going to kill off the human race entirely. Sir James Cantlie, an eminent British surgeon who delivered a speech before the Institute of Hygiene, remarked that the modern system of hygiene should be scrapped. He insisted that toothbrushes be thrown away. "The toothbrush is not a sign of civilization, but of degeneration. By using the brush you simply drive poison deeply into the gums. Moses never used a toothbrush. The country where teeth are the worst are where dentists are most numerous. America can produce good dentists, but can't produce sound teeth."

1949: Bird License

BAYONNE, N.J. — Police Chief Robert O'Connor ordered his men to enforce a city ordinance which forbids pigeons from flying over Bayonne unless they are licensed.

1924: Bad Hygiene

LONDON — The science of hygiene will have to go back to

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Mgr. Dir. Asia: Nigel I. Oakley, 1201, 191 Joo Road, Hong Kong. Tel: 852-2922-1188, Fax: 852-2922-1190
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ART

Auctions in France: End of an Era

By Souren Melikian
International Herald Tribune

PARIS — Forget political life, international relations or dining habits. It is in the auction arena that the differences between the English-speaking world and the French truly come out.

Attending the sale of Old Master drawings at Drouot last Monday was about as similar to Christie's auction six days earlier in New York as cycling down a country path is to driving a BMW along a six-lane highway.

It is not just the setting, meaning puny, poky, stinky — Drouot rebuilt in the late 1970s in Revivalist Art Deco style — versus the banal, but vast, easy-to-use premises of Christie's. It's the people, the system, the whole atmosphere. Olivier Riennier is a pleasant enough auctioneer, courteous to bidders. Catching sight of a would-be buyer's raised arm as he brought down his hammer, he swiftly apologized and resumed the bidding with good grace as Drouot rules allow, as long as the word "adjudé!" ("sold!") has not yet been uttered — not everyone does it in Paris, New York or London.

But while Riennier's way of wielding the hammer was not fundamentally different from that of his English or American counterparts, everything else was.

Each time a drawing came up, it was described aloud instead of being just identified by lot number. Nor was this done by the auctioneer, but by the expert, seated at a desk to the right of the auctioneer's podium, two degrees lower in deference to the superior dignity of the *commissaire-priseur*.

So, there sat young Patrick de Baysier, newly registered on the list of agreed experts held at Drouot, reading out the entries — which anyone with eyes to see could read in the catalogue. And there sat too his father, Bruno de Baysier, a third-generation dealer known to all and

sundry across the world of Old Master drawings collectors, keeping quiet and trying hard to look keenly interested.

It is all very clumsy, very archaic and due to go soon, the minute the French government at last abides by its European Union treaty obligations and really allows nonnationals to conduct auctions in its territory, free of administrative constraints. What happens then to the other element that makes the French auction world so extraordinary — the great French auction-going public — is anyone's guess.

The French probably feel more deeply about their artistic past than any other European nation, excepting the Dutch. They display a passionate interest in buying works of art. Every day, a crowd of auction addicts is there at Drouot, nosing around the smallest sales on the off-chance of picking up a good object.

There are small-time working-class collectors who may not be highly literate, but enjoy a considerable visual culture — the one that matters the most — carefully nurtured through hundreds of visits to small shops, the flea market and, of course, Drouot.

There are the members of the professions (doctors, lawyers), business executives and others who sneak off work for a quick look around the dozen or so rooms with something going on most days. All rub shoulders — no mere metaphor, there is a coarse aggressiveness about the Parisian public that makes New Yorkers look timid by comparison — in their common pursuit.

The collection that was being sold on Monday had attracted the usual crowd — all seats occupied twice rather than once. More participants stood at the back of the room, four rows deep.

The interest aroused by the sale is the more striking as the late Marie-Madeleine Aubrun, whose drawings were being dispersed, was hardly the century's luminary on the French collecting scene. Yet, she too was in her

way a typical illustration of the French phenomenon.

Her interest in art came relatively late in life. Married to a banker, with no need to support herself, she started browsing around shops, spending very small sums, decided she needed to be more systematic about it and got a doctorate in art history in 1968 at the age of 44. She then steeped herself in art historical research, producing several catalogues raisonnés (Jules Dupre, Theodore Caruelle d'Aligny) and many scholarly articles on minor French artists from the Neoclassical, Romantic and Academic schools. Inevitably, her buying was guided by her research work. She looked

Every day, a crowd of auction addicts is at Drouot, nosing around the smallest sales.

for drawings that were signed by given artists, dated if possible, not for beauty. Aubrun was not above buying such dryly academic works as "Joan of Arc Hearing Voices" by Jules Bastien-Lepage, possibly for the sake of its dedication to the member of Parliament for Vanclousens.

The sentimental sketch made 1,441 francs (about \$250). Another Lepage, the sketch of a shepherd whose merit — in the historian's eye, if no one else's — lies in its being dated (1872), went for 1,995 francs.

At intervals, documentary interest and some artistic merit came together. In 1859, Jean-Achille Benouville (1815-1891), whose catalogue raisonné Aubrun published in 1981, drew a large view of the Colosseum in Rome seen from a distance. It is done in the precise manner of the French realist landscape

school of the 1850s but it has charm and ended up at 64,295 francs.

Attracted by this rarity — a truly private collection unaccompanied by hype — buyers from other European countries also attended the sale. A Zurich collector, Hans Luthy, who rarely misses a sale with Bruno de Baysier as the expert, bought more than 20 drawings, including a 31,039 franc watercolor view of the Colosseum "attributed to Thomas Girtin" (meaning "of the period," but clearly not from the artist's hands).

The French connoisseurs who tried their luck on most drawings found it hard to compete financially over drawings that were, after all, very minor. One of them fought tooth and nail to get an Italian country scene by Leon Cogniet, probably drawn around 1860. A young countrywoman lies asleep in the noontime blaze, with just her head shielded by the protective shadow of an ancient Roman stone pier. Somehow, the light, the transparency of the atmosphere, are superbly rendered in the light brown wash. It cost the collector 24,387 francs, triple the estimate.

Brisk bidding from the art trade made it harder still for French collectors to stay afloat. John Lishawa of London, who specializes in French watercolors from precisely the schools that interested Aubrun, bought massively. Early on, the dealer got Edouard Bertin's boldly composed view of Marino dating from the 1820s for 5,764 francs, more than four times the high estimate. Tougher competition sent Nicolas-Didier Boguet's view of a town flying to a steep 24,387 francs. And yet that was almost reasonable compared with the 34,364 francs that Lishawa had to give for the enchanting brown-wash view of the basilica cloister at Assisi by Francois-Marius Granet.

At that level, two thirds of the French collectors who throng to these sales give up, unable to follow. Like the wholesale



A view of the basilica cloister at Assisi by Francois-Marius Granet.

transfer of collections for sale to New York, this results in a loss of substance more damaging to the living culture of France than the loss of the occasional masterpiece. Those who cease to collect cut off their intimate relationship to the world of drawings. Connoisseurship slowly withers away and, worse, the heritage of the past turns into abstractions, confined to academic discourse.

A Carnival Prize Is Now Prized on Its Own

By Elizabeth Hayt

NEW YORK — About 20 years ago, Floyd Whitley, a glass collector and retired oil executive from Houston, went to an auction in Kansas City, Missouri, to buy a rare vase. Called a "Peoples vase" by collectors, it was an amethyst-colored and depicted dancers celebrating the harvest. Made between 1909 and 1911, the vase is one of only five known to exist.

"I paid \$5,000 for that vase, which had sold for \$250 in the '60s," he said, "and everyone in the auction room wanted to give me a Breathalyzer test." But those who thought Whitley foolishly were wrong. Last fall, he sold the vase to a private collector for \$50,000. On April 24, at an auction in Kansas City, 250 items from Whitley's collection are expected to fetch more than \$250,000.

The vase is an example of Carnival glass, a rainbow-colored, iridescent, elaborately patterned turn-of-the-century collectible, which was once given away as a carnival prize (hence the name). Mainly produced by glass manufacturers in the Ohio Valley like Northwood, Fenton and Millersburg, Carnival, as collectors refer to it, was the last, hand-shaped, mass-produced glass made in America.

Glassmakers carved elaborate molds, poured hot, colored glass into them, sprayed the designs with iridescent salts and fired the surface. Since each piece of glass was hand wrought, no two plates, pitchers or punch bowls, with all their ruffles, crimps and flutes, are exactly alike. "There are approximately 2,000 patterns, and while most come only in a marigold color, there are more than 50 colors documented," said Dave Doty,

author of "A Field Guide to Carnival Glass."

Carnival was a knock-off of the more expensive Tiffany glass, and as a result it also came to be known as "poor man's Tiffany." Sold mostly in department and general stores throughout the American heartland, Carnival was popular in middle-class households until it fell out of favor around World War I.

In the 1920s, Carnival manufacturers emptied their warehouses, selling leftover glass by the barrel for as little as \$1. Bought by local carnivals, the glass was distributed as prizes for games, like pitching pennies. Today, Carnival glass, a staple of flea markets, tag sales and rural auctions, has regained a following across the country and abroad.

"There are 25 formal Carnival glass clubs, including a Web site and clubs in Australia, Canada and England," said Tom Mordini, a dealer who is the vice president of the

International Carnival Glass Association. "There are 8,200 registered collectors. In 1998, there were 36 auctions."

Some collectors who can well afford museum-quality glass covet Carnival because of its accessibility. "We have bought Tiffany and Galle, but there was much more Carnival available in this area," said Don Hamlet, who, with his wife, Becky, lives in Asheboro, North Carolina. Their collection includes a Peoples vase that they bought at auction for \$43,000 and a one-of-a-kind punch set, made by Northwood, which at \$95,000 is the most expensive example of Carnival to date.

Carnival can be bought for as little as \$10 for a candlestick all the way up to five figures for an exceptional piece. "An ornate pattern is more desirable than a simple one, and a rare color, like pastels or red, and a particular shape, like a punch set versus candlesticks, or a vase versus

a butter dish, goes a long way," said Mordini, who, with his wife, Sharon, publishes "Carnival Glass Auction Prices" annually. "The manufacturer is important, but most of all, intensity of color and iridescence make the glass desirable."

Jim Seeks, the owner of an auction house in Iowa, said auctions were more like family reunions than sales. Collectors get together, swapping and selling their glass at conventions and auctions held at airport hotels around the country.

Collectors have seen the investment value of Carnival as the glass has appreciated in the last two decades. "In 1980, my first auction had approximately 300 pieces, which grossed about \$35,000," said Mickey Reichel, owner of the Antique and Auction Center in Booneville, Missouri. "In 1998, the average auction I did, with 375 lots, usually ran

into the low six figures." The record is \$26,000 for a 1993 auction of 400 lots held in Richfield, Ohio, by Tom Burns, an auctioneer from Bath, New York. An aqua opalescent, peacock-and-urn

pattern-bowl fetched \$31,000. "People think that when this glass gets to be a hundred years old in 2009, this stuff will take off," said Whitley. "If I live long enough, maybe one of my \$50,000 vases will

ultimately be worth \$200,000. And that's better than oil or cows."

Elizabeth Hayt, an art historian and critic, wrote this for The New York Times.



Don Hamlet with a part of his collection of Carnival glass.

BOOKS

PLAYING FOR KEEPS
Michael Jordan and the World He Made

By David Halberstam. 419 pages. \$25.95. Random House.

Reviewed by Robert D. Novak

THIS is not one of the myriad quickie treatments spawned by Michael Jordan's second and presumably final retirement. David Halberstam's treatment was in print before anybody could be sure Jordan really would leave the game for good.

Out of more than 75 books about Jordan, there has been no definitive biography, and Halberstam does not attempt such treatment of his elusive subject. Nor has he written the warm and cuddly portrait that millions of fans may be seeking in the aftermath of their idol's departure from the game. While writing the best Jordan book so far, Halberstam connects this spectacular athlete with the late 20th-century ethos and, in the process, raises disquieting implications about more than just basketball.

"Playing for Keeps: Michael Jordan and the World He Made" begins in Paris in October 1997, with Jordan and his Chicago Bulls playing in a preseason tournament promoted by one of his many corporate sponsors, and ends at the National Basketball Association championship at Salt Lake City in June 1998, with perhaps his

greatest and apparently his last performance. Employing flashbacks that trace Jordan's sports career back to high school days in Wilmington, North Carolina, the veteran reporter-author tells an engrossing, multilayered story.

On one level, it is sports writing at its best, chronicled by a marvelous account of the game against the Utah Jazz last year where Jordan, with two late baskets and a steal, led the Bulls to their sixth NBA title in eight years. At another level, Halberstam dissects the complex, troubled relationships inside the Bulls, especially the "degree of alienation between players and ownership" that was "almost unique in the annals of modern basketball, particularly for a championship team."

Finally, for the nonsports fan, "Playing for Keeps" provides a revealing slice of fin-de-siècle America. It is not just that Jordan generated \$10 billion in revenue for the game and that players' salaries rose 2,500 percent in 20 years (with Jordan earning \$20 million on his shoe contract alone). The simultaneous arrival of Jordan, the superego David Falk, Nike and ESPN transformed basketball into a lucrative part of the global economy. In describing an "American icon" with "the power and force and charisma of a major movie star," Halberstam writes of Jordan: "Thus, did he gradually go beyond the boundaries of sport, carried by his great ability, his looks and his charm more deeply into the psyche of the American public than any sports star had ever gone before."

Yet Jordan remains as elusive for Halberstam as for previous chroniclers. Other figures in his book — in par-

ticular, two former friends turned bitter foes: the manipulative, insecure Bulls general manager, Jerry Krause, and the team's contemplative, Zen-philosophizing coach, Phil Jackson — are much more clearly drawn than the protagonist. Apart from open grief after his father's murder, Jordan has kept his family life shut tight. Halberstam devotes but six pages to Jordan's gambling addiction, appearing to accept the explanation that it was "just a part of the same predatory impulse that carried him to so many basketball triumphs."

So the Michael Jordan of "Playing for Keeps" is not the ever-smiling hero of his television ads but is closer to the one-word definition by his teammate, Luc Longley: "predatory." An opposing player, Danny Ainge, described Jordan as destroying one opponent like "an assassin who comes to kill you and then cut your heart out."

Jordan, "skilled at verbal blood sport," is hard on teammates and harder still, even merciless, in baiting and belittling his nemesis, Krause.

But what is Jordan really about besides winning — whether in basketball, contract negotiations or playing cards?

Jordan surely will remain a global celebrity, as he did during his basketball sabbatical to try baseball. What happens to professional basketball is another matter. The game "is richer and more brittle," Halberstam concludes. "The stakes are far, far bigger, the pressures greater, and the daily humanity (predictably) smaller."

The future of this rich and brittle enterprise with the loss of its icon, is in doubt.

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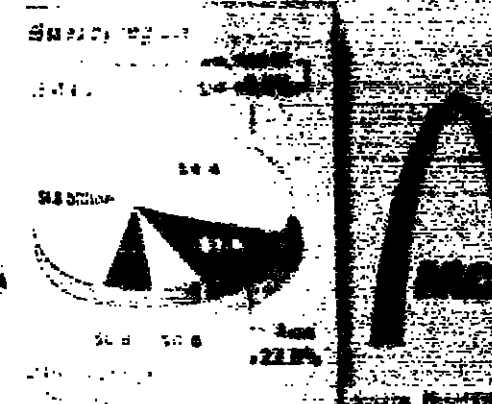
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Continued on Page 13

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Russians Get Earful of Berezovsky, Tycoon Who Fell From Grace

By Celestine Bohlen
New York Times Service

MOSCOW — Boris Berezovsky has always been the most brazen, the most quoted and the most visible of Russia's "oligarchs" — all reasons why he also seemed to be the most influential.

On Friday, the math whiz/automobile dealer/financier extraordinaire — reportedly one of the richest, and certainly one of the most reviled men in Russia — also became the most overheard as a Moscow newspaper printed verbatim transcripts of his telephone calls with President Boris Yeltsin's daughter, Tatiana, a top television anchorman and a former government official, which Mr. Berezovsky allegedly taped over the last few years.

The tape-recorded conversations, published by Moskovskii Komsomolts as part of a month-long campaign against Mr. Berezovsky, reveal the inner workings of an oligarch's mind — tracking the 53-year-old master intriguer as he tried to lobby the president's 33-year-old daughter for a tax amnesty, tried to

plant on the evening news and inflame information damaging to a business rival and then to order up a campaign to browbeat members of Parliament.

In the last few weeks, Russia — a nation hooked on television soap operas — has watched one unfold at the highest echelons of power as the president's son-in-law, who is head of Aeroflot, declared open war both on Mr. Berezovsky, his one-time benefactor, and the president's daughter, a Berezovsky confidante.

"Today, Tatiana Borisovna is our ally, not our opponent," said Alexander Khinshtein, the Moskovskii Komsomolts reporter and author of the story. "I think she made a decision recently which comes down to one thing — to put as much distance as possible between herself and Berezovsky."

The published tape-recordings come one week after offices connected to Berezovsky's various businesses were raided by federal agents looking for, among other things, evidence of Mr. Berezovsky's eavesdropping operation on both his associates and rivals and on

members of the Yeltsin family.

According to Mr. Khinshtein, who has sources deep inside the anti-Berezovsky camp, the tapes published Friday were not among those seized by police last week, nor were they among those taken from Atoll, Mr. Berezovsky's private security firm, during an earlier raid last summer. But Mr. Khinshtein said that they were definitely from the Atoll archives.

He said he would hand the cassettes to the chief prosecutor's office next week.

In a statement to the Interfax press agency Friday night, Mr. Berezovsky reacted defensively to the latest revelations, which he dismissed as a "well-planned provocation by the intelligence services."

Mr. Berezovsky several months ago released videotapes that allegedly showed officers from the federal security services describing orders they had received to kill him. Many observers at the time were skeptical about the report, which they thought smacked of an attempt by Mr. Berezovsky to gain

public sympathy.

Prime Minister Yevgeni Primakov has made no secret of his antipathy to his chief rival for influence over Mr. Yeltsin and his inner circle. Although physically feeble and politically damaged, Mr. Yeltsin remains Russia's chief political protagonist as long as the constitution allows him to unseat governments and dismiss Parliament.

It is Mr. Yeltsin's lingering power that makes the affairs of his family so important for Russian politics. Rumors have long circulated about Mr. Berezovsky's hold on Mr. Yeltsin, his wife, Naina, and their two daughters, both as their financial adviser and as the keeper of their financial secrets.

Sometimes described as a modern-day Rasputin, a behind-the-scenes intriguer who manages to turn his benefactors into his dependents, Mr. Berezovsky has also become the symbol of Russia's unscrupulous capitalism.

He began his career as a systems analyst who, in the early 1990s, was able to turn a quick and huge profit at the

biggest Russian auto plant by selling on the domestic market cars bound for export. His empire gradually expanded to include ORT, the largest Russian television channel; Aeroflot, the oil company Sibneft and others.

Unlike other Russian tycoons, who are collectively known as oligarchs, Mr. Berezovsky is not a banker, although he had interests in banks, but rather an operator and financier. As one observer noted, he did not privatize companies so much as he privatized their cash flow.

"His know-how has always been very simple," said Andrei Piontovsky, a political analyst who has tracked the rise and fall of the Russian oligarchs. "If you want to get control of a company, you don't need to buy the company. You just need to buy the management."

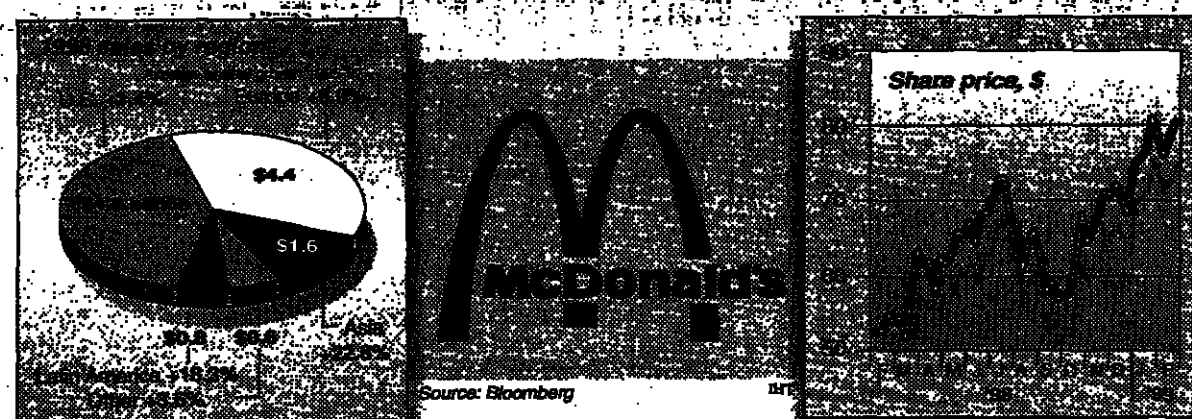
With his sleek suits and limousines, Mr. Berezovsky, who was born Jewish but was recently baptized into the Russian Orthodox Church, is often cited by Russian anti-Semites as an example of Jewish influence over finance, media and politics in post-Communist Russia.



Boris Berezovsky, one of Russia's top businessmen since reforms.



McDonald's restaurant in New York's Times Square. The fast-food giant is facing heightened competition.



New Luster for the Golden Arches

Decentralizing on Its Overseas Model, McDonald's Sees Gains at Home

By David Barboza
New York Times Service

OAK BROOK, Ill. — In Austria, Indonesia and South Korea, McDonald's sells Big Macs and Happy Meals. But its Vienna franchisees also contain McCaifs, which offer coffee blended for local tastes.

In Jakarta, the menu includes rice as well as french fries. In Seoul, the burger chain sells roast pork on a bun with a garlicky soy sauce.

That combination of a globally recognized brand with a flexible menu that caters to local palates has helped McDonald's navigate the global economic turbulence that has knocked other big corporations operating around the world way off course.

For the 15th year, McDonald's Corp. has had solid growth in its international division, which accounts for nearly 60 percent of corporate profits. No other American multinational has enjoyed such consistent success abroad, particularly lately, amid the dizzying plunge in currencies and economic activity across Asia and Latin America.

McDonald's says it has done so well in large part because its operations overseas are run by residents attuned to changing local economic conditions and consumer tastes.

Now, McDonald's is testing a variation on the theme — that "all business is local" — in the United States.

The fast-food giant has been wrestling with a dramatic fall from grace at home since the mid-1990s, with a shrinking market share, an eroding stock price and concerns about food quality.

But after a few years of fumbles, Wall Street analysts say,

McDonald's is climbing back up, and so are profits.

The company is following the course it charted abroad: decentralizing marketing and decision-making. Senior executives say they are committed to more local control and to what Jack Greenberg, the new chief executive, calls a "shared vision" of the future.

"You can't manage 25,000 restaurants in a centralized way," Mr. Greenberg said at the company's headquarters in suburban Chicago. "Many decisions need to be decided closer to the marketplace. You have faster decisions that way."

Two weeks ago, when McDonald's reported its fourth-quarter and year-end results, foreign sales and profit were strong, up about 10 percent.

In the United States, the improvement was even more striking. Operating profit was up 13 percent, more than double the growth of 1997 and the best yearly gain since 1985.

While McDonald's still has plenty of problems, investors have become increasingly optimistic. Shares have soared 63 percent in the last year. On Friday, the stock was trading at \$81.56, down 44 cents from Thursday's close.

"I think they've turned a corner," said Mitchell Speiser, an analyst who covers the fast-food business for Lehman Brothers. "They have culturally, operationally and strategically turned the corner."

Yet the new approach carries its own risks. Some analysts say that in reinventing the company, McDonald's may scramble the formula dreamed up by the late Ray Kroc. That

See Mc DONALDS, Page 15

U.S. Readies Steel Dumping Penalties

Japanese and Brazilian Producers Face Tariffs of Up to 80 Percent

Compiled by Our Staff From Dispatches

WASHINGTON — The Commerce Department said Friday it would impose punitive duties on Japanese and Brazilian steelmakers for selling products in the United States at unfairly low prices, a ruling that could drive the companies from the market.

The government, which is negotiating an agreement to curb Russian steel imports, said it was delaying until next week a decision on that country's steelmakers.

The duties ranged from about 57 percent for Companhia Siderurgica Nacional SA to 80 percent for Usinas Siderurgicas de Minas Gerais SA. Nippon Steel Corp. must pay 25 percent, Kawasaki Steel Corp. will pay 68 percent, and NKK Corp. will pay about 31 percent.

The duties will not take effect until after the Commerce Department makes a final ruling on April 28 and the independent U.S. International Trade Commission rules in June on whether or not the domestic industry is being hurt by the imports.

"We have seen plants shut down and companies declare bankruptcy," Commerce Secretary William Daley said Friday while announcing the duties. "The U.S. may have to consider further action."

Mr. Daley said the United States was also holding discussions with South Korea on curbing that country's steel shipments to the United States.

The cases involve "dumping" of hot-rolled steel, which is used in making pipe

and machinery and makes up about 20 percent of U.S. steel imports. Concern over the duties, which for the Japanese companies are retroactive to Nov. 14, has prompted overseas steelmakers to curtail shipments to the United States, where steel imports reached record levels last year.

"Japan has already backed out of the market" for hot-rolled steel, said David MacGregor, a steel analyst at Midwest Research. "The Russians and the Brazilians have also stemmed the flow, not wanting to aggravate the tariff issue any more than they have to."

The preliminary ruling Friday is the result of a complaint filed in September by Bethlehem Steel Corp., LTV Corp., USX-U.S. Steel Group and nine other U.S. steelmakers, which say a surge of inexpensive imports has driven down the industry's profits and forced it to eliminate thousands of jobs and idle plants.

"The American steel industry is a low-cost, high-quality, world-class competitor, and yet we are suffering very serious injury because of unprecedented levels of foreign, unfairly traded imports," said Curtis Barnett, chief executive of Bethlehem Steel, the third-largest U.S. steelmaker. "We want to bring about a stop to this unfair trade."

The trade complaints concerning hot-rolled steel are the most visible step U.S. steelmakers have taken to get the government to clamp down on imports, which soared 32 percent to 37.5 million metric tons last year.

The International Trade Commission said last year that hot-rolled steel made by Russian companies such as Severstal, OAO Magnitogorsk Metallurgicheskii Kombinat and AO Novolipetsk Metallurgicheskii Kombinat was being dumped in the United States at from 107 percent to 199 percent below the cost of production.

In a statement, the Commerce Department noted: "Commerce is discussing with Russia a possible agreement to suspend the hot-rolled steel dumping investigation."

Such an agreement, which the American industry opposes because it would mean a certain amount of cheap imports could continue, could come within weeks and would not require industry consent.

Restrictions under World Trade Organization agreements, which Russia does not participate in, rule out such negotiations with Japan and Brazil.

The Commerce Department found that steel from Japan might have been sold at up to 67.59 percent below the fair value and steel from Brazil for as much as 71.02 percent below fair value.

Japan is the biggest steel exporter to the United States. Its shipments totaled about \$4.1 billion last year, according to the Japanese Ministry of Finance.

"Indonesia, Thailand and other developing countries can export to the U.S. at very cheap prices," said Takahiko Nagano, general manager at the Japan Steel Export Association.

(Bloomberg, AP, Reuters)

Ecuador Abandons Effort To Defend Its Currency

Compiled by Our Staff From Dispatches

QUITO, Ecuador — Ecuador devalued its currency Friday, ending a costly defense of the sucre in an attempt to ease what President Jamil Mahuad has called the worst economic crisis in 70 years.

The currency immediately plunged as much as 16 percent, with the dollar rising to 8,650 sucres, after the central bank said it would no longer maintain trading bands.

But the head of the central bank, Luis Jacome, said he would continue to intervene in the foreign exchange market against speculators when necessary.

A basket of Ecuador's dollar debt fell as much as 2.5 percent, according to J.P. Morgan & Co.

The devaluation is the latest blow for the Ecuadorian economy, which has been ravaged by high interest rates, plunging oil prices and El Niño-related storms and flooding last year.

Ecuador becomes the second country in Latin America to devalue in a month, after Brazil let its currency, the real, float against the dollar. The weakened real is expected to drag down economies throughout the region.

"Honestly, it doesn't matter which one of the Latin American countries is first to devalue or default," said Gerd Neitzel, who helps manage \$14 billion

for Siemens AG in Munich. "The signal sent to the world is: more deflation, more economic downturn and a further deterioration of global liquidity."

The central bank of Ecuador spent about \$160 million in the five weeks to Feb. 4 to defend the sucre, reducing its currency reserves to \$1.4 billion. It was also forced to keep benchmark overnight interest rates at more than 100 percent, choking economic growth and leading to the bank closings.

Michael Henry, an economist with ING Barings in New York, had called the exchange rate policy before the devaluation "downright suicidal."

Finance Minister Fidel Jaramillo resigned late Thursday after Congress approved an amended 1999 budget that omitted tax increases he supported.

Mr. Jaramillo was criticized for the highly unpopular economic reforms that have been introduced since Mr. Mahuad's election in August, including a 15 percent devaluation, an end to subsidized gas and electricity, and a 1 percent tax on capital flow.

(Bloomberg, Reuters, AFP)

■ Brazil Freezes a State's Assets

The Brazilian central bank on Friday froze all bank accounts held by the country's second-largest state, Minas Gerais, after the state failed to make a scheduled



President Mahuad calls the economic crisis Ecuador's worst in 70 years.

payment on a loan from the Inter-American Development Bank, officials said, Agence France-Presse reported from Brasilia.

As guarantor of the loan, the federal Treasury assumed responsibility and made the scheduled payment of 1.9 million real (\$1 million), which was due Thursday, a central bank spokesman said. "As soon as the Treasury is re-funded its money," the spokesman said, Minas Gerais will regain control of its bank accounts.

Hong Kong Set to Resume Land Sales

By Philip Segal
International Herald Tribune

HONG KONG — The Hong Kong government said Friday that it would end a 10-month suspension on sales of public land, the commodity that underpins the region's economy and stock market, in a move that analysts said was aimed at benefiting real estate developers and eventually home buyers.

The government, which owns almost all the land in Hong Kong, suspended its sales program in June in an attempt to stabilize the falling real estate market, but analysts said the modest amount of land being put back on the market beginning April 1 was unlikely to depress apartment prices further.

As Hong Kong battles its most severe recession in a generation, real estate prices have fallen by 50 percent or more since their peak in mid-1997, just before

the Asian financial crisis began, but are still among the most expensive in the world. Most of the land to be sold will not have apartments ready to occupy before 2001.

"Our policy objective is to ensure stability in the property market and to provide sufficient land to meet our long-term needs," said Gordon Siu, secretary for planning.

Last month, the tycoons Li Ka-shing and Raymond Kwok, who head two of the largest real estate empires, called for resumption of land sales. Tailoring land policy to suit the largest property tycoons is a long-held Hong Kong policy dating from well before China resumed control over the territory in 1997.

Anticipation of the announcement, made after the market closed, drove stocks sharply higher. The benchmark Hang Seng index rose by 278.62 points, or 3 percent, to 9,425.42, although the

sales volume was a thin 3.1 billion Hong Kong dollars (\$402.7 million).

Shares of one of the largest developers, Sun Hung Kai Properties Ltd., rose 4.9 percent, and those of Mr. Li's Cheung Kong (Holdings) Ltd. rose 3.6 percent.

For the year starting April 1, the government committed to sell just 31 hectares (76 acres) of land, a little more than half the amount it sold on average each year from 1995 to 1997. Another 32 hectares will be available on a new "reserve list," which means the land will only go on sale if developers approach the government to bid on it.

The government has become ever more dependent on revenue from real estate to fund its operations. Last year, for the first time since World War II, it budgeted for a deficit in operating revenue, to be made up by income from land sales.

CURRENCY RATES

Cross Rates					Feb. 12					Other Dollar Values					Feb. 12				
	\$	£	SF	Yen	C\$	Dane	Greek	Swede			Per S	Port S	Corrency	Per S			Per S	Corrency	Per S
London (a)	1.6294	—	2.3063	186.25	2.4338	10.7417	465.06	12.8478											
New York (b)	1.6346	1.4155	114.05	1.491	6.606	284.89	7.919												
Tokyo	114.55	185.75	80.32	—	76.83	17.31	N.A.	14.42											
Toronto	1.4913	2.4369	1.5533	1.3076	—	0.2265	0.2228	0.1895											
Zurich	1.4146	2.3061	—	1.2385	0.9478	21.4757	0.4961	0.1796											
One euro	1.1244	0.9917	1.5992	128.92	1.6752	7.4347	321.90	6.9905											
One SDR	1.2893	0.8557	1.9404	N.A.	2.0487	9.1294	395.33	10.9477											

Euro Values									
Fixed rates of the EMU member countries, for one euro									
Austrian schilling	13.7603								
Belgian franc	40.3399								
French franc	65.4557								
German mark	1.9360								
Italian lira	200.482								
Portuguese escudo	200.482								
Spanish peseta	166.386								

European Cross Rates									
Intro-EMU rates on non-EMU currencies									
Aust. schilling	13.7603								
Belg. franc	40.3399								
Fr. franc	65.4557								
Gr. drachma	340.750								
Irish pound	7.87564								
Italian lira	200.482								
Port. escudo	200.482								
Spain. peseta	166.386								

THE AMERICAS

Back in Business, Barneys Faces a Rocky Recovery

By Jennifer Steinhilber
New York Times Service

NEW YORK — When Barneys Inc., the high-end retailer whose New York store turned basic black pants into a uniform of Manhattan chic, filed for bankruptcy protection in early 1996, it did not take long for two types of investors to swoop in.

There were other retailers who were itching to buy the prestigious name. Saks Fifth Avenue offered \$290 million in 1997 for its arch-rival, Dickson Poon, a Hong Kong entrepreneur whose Dickson Concepts also owns Harvey Nichols department store in Britain, bid \$280 million. Last year, DFS Group, no stranger to luxury goods through its many airport duty-free shops, also flirted with the company, valuing it roughly the same as Mr. Poon.

The other interested parties were so-called vultures — investors who acquire a distressed company's unpaid bills in secondary markets in hopes of collecting more money later. The Barneys vultures ended up as its largest creditors.

rejecting the bids from the retailers as inadequate.

So, as Barneys emerges from bankruptcy this month, control of the purveyor of Jil Sander suits and \$300 T-shirts belongs to two vulture groups, Whippoorwill Associates of White Plains and Bay Harbour Management of New York.

The Pressman family, which founded and ran Barneys for most of the century, has more or less left. More critically, the management team that turned the company's balance sheet around is leaving this spring.

Now that the vultures have laid claim to Barneys, what have they received for their money? While highly successful as buyers of distressed debt, the investors have no experience running a specialty retailer. And that will not be easy.

The company's chief executive, Thomas Shull, is departing because the new owners want a "growth chief executive," said Doug Teitelbaum of Bay Harbour. Mr. Teitelbaum and David Strumwasser, who heads Whippoorwill, together control about 70 percent of the company.

Leaving with Mr. Shull is the chief financial officer.

Edward Lambert, and the head of marketing, Paul Jen, all from Meridian Ventures, a turnaround specialist. Shari Gregerman, head of stores, also left recently. Gene Pressman, who shared the chairmanship of Barneys with his brother Bob, has packed up his office even though he has a two-year consulting contract. His wife, Bonnie, who ran the women's business, is now an executive at Polo Ralph Lauren Corp.

All this has drained the company of high-octane talent. "Vultures are much better at going in and very quickly making a decision than traditional creditors," said Jeff Manning, a managing director of Rodman & Renshaw, a New York investment bank. "But there are very few of these distressed investors who you really want to see operating your companies."

What is more, the investors now must prove they can deliver the goods, because their deal actually valued the company at less than what the retailing bidders offered.

Mr. Teitelbaum originally bought the Barneys claims for roughly 30 cents on the dollar, and Mr. Strumwasser's purchases averaged about 50 cents. They expect their investment to rise substantially, but, at least judging from the market for remaining trade claims — now selling at about 15 cents on the dollar — they are wildly optimistic. At best, many analysts say, Barneys may not be worth much more for quite a while.

Sales at existing Barneys stores grew 10 percent in 1998 — an exceptionally strong number — but how will the company top that? Maintaining even half that pace will be quite a challenge, especially without a new merchandising genius.

Dell Leads Technology Shares Lower

Compiled by Our Staff From Dispatches

NEW YORK — U.S. stocks fell Friday, led by a decline in technology shares after analysts warned that Dell Computer's sales growth may be slowing.

The Dow Jones industrial average finished 88.57 points lower, at 9,274.89, while the technology-laden Nasdaq composite index was down 83.61 points, at 2,321.94. The broader Standard and Poor's 500 index finished 23.90 points lower, at 1,230.14.

On the New York Stock Exchange, declining issues outnumbered advancing ones by nearly a 3-to-1 ratio.

It was another volatile session for technology shares, which have been subject to wide swings this week. On Tuesday, there were huge losses, then the stocks were mostly unchanged Wednesday before soaring Thursday.

"This is an on-again, off-again market," said Hugh Johnson, chief investment officer at First Albany Corp. The catalyst Friday appeared to have

U.S. STOCKS

been Dell, which fell 12 to 89%, its biggest drop since Aug. 31, after Daniel Niles, an analyst with BancBoston Robertson Stephens, said the stock could fall to 80 soon amid increased competition. Dell was the most active stock in U.S. trading, with about 66 million shares changing hands.

Other computer makers also fell, including Compaq, which was down 2, at 42 13/16, and IBM, which fell 6 to 173 1/4. Intel, the No. 1 maker of semiconductors for personal computers, dropped 6 1/4 to 126 1/4. Microsoft fell 5 to 157 1/4.

Wal-Mart Stores fell 1 7/16 to 84 1/2 after Women's Wear Daily magazine reported, without citing sources, that the world's biggest retailer had approached Metro AG, Europe's largest retailer, to discuss a possible acquisition of all or part of the German company.

Stocks extended losses following the Senate's acquittal of President Bill Clinton on perjury and obstruction of justice charges.

U.S. bonds slumped after the Bank of Japan said it would not increase the amount of bonds it buys, making Japanese yields more attractive to investors and reducing demand for U.S. fixed-income securities.

The 30-year U.S. Treasury bond fell 1 3/32 to 97 13/32, pushing the yield up to 5.42 percent from 5.30 percent. (AP, Bloomberg)

Dollar Falls on Concern About Japanese Yields

Compiled by Our Staff From Dispatches

NEW YORK — The dollar fell against the yen and euro Friday as the Bank of Japan said it would cut a key interest rate.

Analysts said the central bank's action suggested bond yields and demand for yen could climb.

"There's anticipation Japanese yields will come up again. That's hitting the dollar," said Guillermo Estebanez, currency strategist at BankAmerica Corp. in San Francisco. He added that the same forces were behind the drop in U.S. bond prices and that the declines in bonds and stocks hurt the dollar.

In 4 P.M. trading, the dollar fell to 114.050 yen from 114.555 on Thursday,

while the euro rose to \$1.1296 from \$1.1228.

Even with the decline Friday, the dollar finished the week 0.7 percent higher.

FOREIGN EXCHANGE

against the yen on expectations that the Japanese economy will not recover any time soon. The dollar was little changed versus the euro from a week ago.

Dealers said that the short-term outlook for the new European currency was not promising because of the ongoing wages dispute between the militant IG Metall union and German employers as well as news that Oskar Lafontaine, the German finance minister, had proposed

a euro-zone public spending plan to bolster employment if the European Central Bank does not cut rates.

The Bank of Japan cut its target rate for overnight bank lending to a record 0.15 percent from 0.25 percent, promising to increase the supply of yen.

"Cutting rates from very low levels already isn't really the answer," said Danyelle Guyart, a fixed-income analyst at Deutsche Bank Securities in London. "Ultimately we'll have higher Japanese government bond yields and a stronger yen."

The dollar also fell to 1.4155 Swiss francs from 1.4275 francs.

The pound rose to \$1.6340 from \$1.6230. (Bloomberg, Bridge News)

JAPAN: Central Bank Rate Cut

Continued from Page 1

of economic deterioration.

But to fund them, the Japanese government also issued massive amounts of bonds. In fact, Japan could overtake the United States as the biggest bond market in the world if current trends continue, analysts said. Japan's total debt, compared to the size of its economy, is among the biggest of the industrialized nations.

At the same time, the government has announced plans to cut sharply purchases of its own bonds because it needs the money to pay for other support programs. With the government no longer willing to absorb a large share, the huge bond supply is causing prices to tumble.

That means the interest the government pays is rising, making it more expensive for the government to borrow money. The interest rates corporations pay also are affected.

Japan has begun gazing the United States to buy its government bonds, arguing that Japanese purchases of U.S. Treasury bills helped America finance its deficit spending.

Foreign investors hold only about 5 percent of the bonds. But traders said that was in part because of the low yields. To attract foreign investors, the government would have to allow higher yields, but higher interest rates could be devastating for companies that already are struggling with falling domestic sales and exports.

Six months ago, the yield on a 10-year Japanese government bond was below 0.7 percent. On Friday, the yield was 2.08 percent. Economists are warning that rates could still double.

The alarming surge in yields triggered a debate on what the central bank should do at its meeting Friday.

Some politicians and economists argued that Japan should run the print money and underwrite the bonds directly. But the Bank of Japan has been strongly opposed to that. In fact, it is banned from taking such action, which led to hyperinflation in the 1940s.

The central bank last eased monetary policy in September, when it lowered the overnight call rate to 0.25 percent from 0.5 percent. The impact on rates then lasted only a few weeks.

"The market may rally on the euphoria that the Bank of Japan is doing something," Mr. Bevacqua said. "But after a while the market will say, 'Hey, wait a minute, the bank is not taking any bonds out of circulation.' So at some point, rates are going to start rising again."

Bank Bailout Cleared
Japanese regulators Friday gave a tentative go-ahead to planned injections of some \$65 billion in public funds into the nation's troubled banking sector, while banks in return are rushing to seek alliances and streamline operations, Reuters reported.

Japan's bank-restructuring committee granted tentative approval to provide up to 7.45 trillion yen (\$65 billion) in capital for 15 major banks, a senior regulator said Friday.

An official at the Financial Supervisory Agency said that with the funds the bank would raise from the market, the total recapitalization would approach 10 trillion yen.

In what could develop into one of these rescuing alliances, media reports said, Mitsubishi Trust & Banking Corp. and Sumitomo Trust & Banking Co. were considering some sort of tie-up, including a possible merger.

The banks denied they were in such talks but said they were open to seeking alliances in future.

INTEREST RATES

Friday, Feb. 12

Government Debt					
	3-month	6-month	1-year	2-year	10-year
Britain	5.25	5.25	5.25	5.25	5.25
France	2.87	2.87	2.87	2.87	2.87
Germany	3.06	2.95	2.95	2.95	2.95
Italy	2.64	2.64	2.64	2.64	2.64
Japan	0.25	0.25	0.25	0.25	0.25
Spain	2.77	2.77	2.77	2.77	2.77
United States	5.42	4.72	4.91	4.96	5.05
Yield	4.42	4.51	4.97	4.92	4.94

Source: Bloomberg

Money Market Rates

	Today	Prev	Today	Prev
Discount rate	4 1/4	4 1/4	4 1/4	4 1/4
Federal funds	4 1/4	4 1/4	4 1/4	4 1/4
90-day Certs Deposit	4.50	4.50	4.50	4.50
180-day Certs Deposit	4.50	4.50	4.50	4.50

Source: Bank of Tokyo-Mitsubishi Bank

Libor Rates

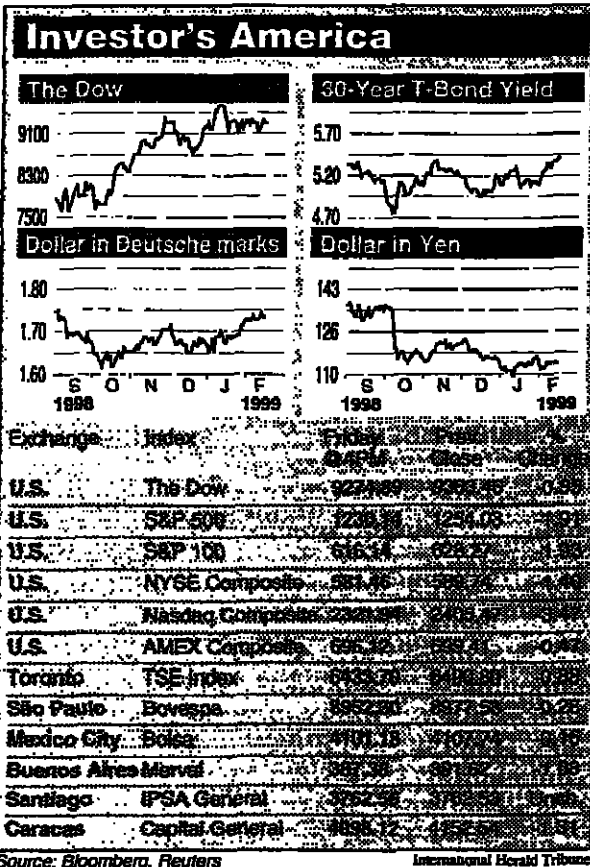
	1-month	3-month	6-month	12-month
Dollar	4.9500	5.00	5.0000	5.1000
Swiss	3.125	3.0999	3.045	3.025
Shilling	5.444	5.444	5.444	5.444
Yen	0.2500	0.2500	0.2500	0.2500
Sw Franc	1.1944	1.2033	1.2033	1.2033

Source: Reuters

Forward Rates

	30-day	60-day	90-day
Pound Sterling	1.4248	1.4234	1.4227
Canadian dollar	1.098	1.098	1.098
Born	1.1301	1.1234	1.1227
Australian yen	113.99	113.45	112.91
Swiss franc	1.4193	1.4155	1.4113

Source: Associated Press



Very briefly:

• The Securities and Exchange Commission approved changes to the New York Stock Exchange's trading limits, or "collars," effective Tuesday. The new rules will allow the Dow Jones industrial average to rise or fall 2 percent — or 180 points for the first quarter, the rule is in effect — before restrictions on program trading are imposed, compared with 50 points currently.

• AT&T Corp. confirmed that its chief executive, C. Michael Armstrong, would have increased responsibility for day-to-day operations of Tele-Communications Inc. after AT&T's acquisition of the No. 2 U.S. cable-television company is completed.

• Microsoft Corp. said it had asked a federal court in Utah to dismiss many of the charges in a lawsuit filed by Caldera Inc., accusing Microsoft of anti-competitive behavior, on the ground that the charges had no factual basis.

• HMV Media Group PLC said it would work with International Business Machines Corp. to develop Web sites that will sell and eventually distribute music on the Internet.

• Pirelli SpA of Italy expects to double North American sales in three years after forming an alliance with Cooper Tire & Rubber Co., which will distribute and sell Pirelli passenger and light-truck tires in North America while Pirelli markets Cooper tires in South America.

Boston Scientific to Slash Jobs

The Boston Globe

NEW YORK — Boston Scientific Corp. plans to cut about 2,000 jobs as part of a restructuring following acquisitions.

The layoffs will leave the maker of medical devices with about 12,000 employees worldwide by the end of 1999, including 2,500 in its home state, Massachusetts. The company also said Thursday that charges related to the restructuring would reduce fourth-quarter net profit by \$26 million.

U. S. STOCK MARKET DIARY

Friday, Feb. 12

Most Active

Dow Jones

NYSE

NASDAQ

AMEX

Dow Jones Bond

NYSE

NASDAQ

AMEX

Dow Jones Bond

NYSE

NASDAQ

AMEX

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Friday's 4 P.M.
The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

Rank	Symbol	Company Name	Price	Change	Volume
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1	IBM	International Business Machines Corp.	125.00	+0.25	1,200,000
2	APC	Advanced Micro Devices Inc.	110.00	+0.50	800,000
3	MSFT	Microsoft Corp.	105.00	+0.75	1,500,000
4	GOO	Google Inc.	100.00	+0.50	1,800,000
5	AMZN	Amazon.com Inc.	95.00	+0.25	1,100,000
6	ORCL	Oracle Corp.	90.00	+0.50	900,000
7	CRM	Salesforce.com Inc.	85.00	+0.25	700,000
8	CRM	Salesforce.com Inc.	84.00	+0.25	700,000
9	CRM	Salesforce.com Inc.	83.00	+0.25	700,000
10	CRM	Salesforce.com Inc.	82.00	+0.25	700,000
11	CRM	Salesforce.com Inc.	81.00	+0.25	700,000
12	CRM	Salesforce.com Inc.	80.00	+0.25	700,000
13	CRM	Salesforce.com Inc.	79.00	+0.25	700,000
14	CRM	Salesforce.com Inc.	78.00	+0.25	700,000
15	CRM	Salesforce.com Inc.	77.00	+0.25	700,000
16	CRM	Salesforce.com Inc.	76.00	+0.25	700,000
17	CRM	Salesforce.com Inc.	75.00	+0.25	700,000
18	CRM	Salesforce.com Inc.	74.00	+0.25	700,000
19	CRM	Salesforce.com Inc.	73.00	+0.25	700,000
20	CRM	Salesforce.com Inc.	72.00	+0.25	700,000
21	CRM	Salesforce.com Inc.	71.00	+0.25	700,000
22	CRM	Salesforce.com Inc.	70.00	+0.25	700,000
23	CRM	Salesforce.com Inc.	69.00	+0.25	700,000
24	CRM	Salesforce.com Inc.	68.00	+0.25	700,000
25	CRM	Salesforce.com Inc.	67.00	+0.25	700,000
26	CRM	Salesforce.com Inc.	66.00	+0.25	700,000
27	CRM	Salesforce.com Inc.	65.00	+0.25	700,000
28	CRM	Salesforce.com Inc.	64.00	+0.25	700,000
29	CRM	Salesforce.com Inc.	63.00	+0.25	700,000
30	CRM	Salesforce.com Inc.	62.00	+0.25	700,000
31	CRM	Salesforce.com Inc.	61.00	+0.25	700,000
32	CRM	Salesforce.com Inc.	60.00	+0.25	700,000
33	CRM	Salesforce.com Inc.	59.00	+0.25	700,000
34	CRM	Salesforce.com Inc.	58.00	+0.25	700,000
35	CRM	Salesforce.com Inc.	57.00	+0.25	700,000
36	CRM	Salesforce.com Inc.	56.00	+0.25	700,000
37	CRM	Salesforce.com Inc.	55.00	+0.25	700,000
38	CRM	Salesforce.com Inc.	54.00	+0.25	700,000
39	CRM	Salesforce.com Inc.	53.00	+0.25	700,000
40	CRM	Salesforce.com Inc.	52.00	+0.25	700,000

41	CRM	Salesforce.com Inc.	51.00	+0.25	700,000
42	CRM	Salesforce.com Inc.	50.00	+0.25	700,000
43	CRM	Salesforce.com Inc.	49.00	+0.25	700,000
44	CRM	Salesforce.com Inc.	48.00	+0.25	700,000
45	CRM	Salesforce.com Inc.	47.00	+0.25	700,000
46	CRM	Salesforce.com Inc.	46.00	+0.25	700,000
47	CRM	Salesforce.com Inc.	45.00	+0.25	700,000
48	CRM	Salesforce.com Inc.	44.00	+0.25	700,000
49	CRM	Salesforce.com Inc.	43.00	+0.25	700,000
50	CRM	Salesforce.com Inc.	42.00	+0.25	700,000
51	CRM	Salesforce.com Inc.	41.00	+0.25	700,000
52	CRM	Salesforce.com Inc.	40.00	+0.25	700,000
53	CRM	Salesforce.com Inc.	39.00	+0.25	700,000
54	CRM	Salesforce.com Inc.	38.00	+0.25	700,000
55	CRM	Salesforce.com Inc.	37.00	+0.25	700,000
56	CRM	Salesforce.com Inc.	36.00	+0.25	700,000
57	CRM	Salesforce.com Inc.	35.00	+0.25	700,000
58	CRM	Salesforce.com Inc.	34.00	+0.25	700,000
59	CRM	Salesforce.com Inc.	33.00	+0.25	700,000
60	CRM	Salesforce.com Inc.	32.00	+0.25	700,000
61	CRM	Salesforce.com Inc.	31.00	+0.25	700,000
62	CRM	Salesforce.com Inc.	30.00	+0.25	700,000
63	CRM	Salesforce.com Inc.	29.00	+0.25	700,000
64	CRM	Salesforce.com Inc.	28.00	+0.25	700,000
65	CRM	Salesforce.com Inc.	27.00	+0.25	700,000
66	CRM	Salesforce.com Inc.	26.00	+0.25	700,000
67	CRM	Salesforce.com Inc.	25.00	+0.25	700,000
68	CRM	Salesforce.com Inc.	24.00	+0.25	700,000
69	CRM	Salesforce.com Inc.	23.00	+0.25	700,000
70	CRM	Salesforce.com Inc.	22.00	+0.25	700,000
71	CRM	Salesforce.com Inc.	21.00	+0.25	700,000
72	CRM	Salesforce.com Inc.	20.00	+0.25	700,000
73	CRM	Salesforce.com Inc.	19.00	+0.25	700,000
74	CRM	Salesforce.com Inc.	18.00	+0.25	700,000
75	CRM	Salesforce.com Inc.	17.00	+0.25	700,000
76	CRM	Salesforce.com Inc.	16.00	+0.25	700,000
77	CRM	Salesforce.com Inc.	15.00	+0.25	700,000
78	CRM	Salesforce.com Inc.	14.00	+0.25	700,000
79	CRM	Salesforce.com Inc.	13.00	+0.25	700,000
80	CRM	Salesforce.com Inc.	12.00	+0.25	700,000
81	CRM	Salesforce.com Inc.	11.00	+0.25	700,000
82	CRM	Salesforce.com Inc.	10.00	+0.25	700,000
83	CRM	Salesforce.com Inc.	9.00	+0.25	700,000
84	CRM	Salesforce.com Inc.	8.00	+0.25	700,000
85	CRM	Salesforce.com Inc.	7.00	+0.25	700,000
86	CRM	Salesforce.com Inc.	6.00	+0.25	700,000
87	CRM	Salesforce.com Inc.	5.00	+0.25	700,000
88	CRM	Salesforce.com Inc.	4.00	+0.25	700,000
89	CRM	Salesforce.com Inc.	3.00	+0.25	700,000
90	CRM	Salesforce.com Inc.	2.00	+0.25	700,000
91	CRM	Salesforce.com Inc.	1.00	+0.25	700,000
92	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
93	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
94	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
95	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
96	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
97	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
98	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
99	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
100	CRM	Salesforce.com Inc.	0.00	+0.25	700,000

101	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
102	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
103	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
104	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
105	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
106	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
107	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
108	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
109	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
110	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
111	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
112	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
113	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
114	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
115	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
116	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
117	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
118	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
119	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
120	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
121	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
122	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
123	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
124	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
125	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
126	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
127	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
128	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
129	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
130	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
131	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
132	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
133	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
134	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
135	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
136	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
137	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
138	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
139	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
140	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
141	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
142	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
143	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
144	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
145	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
146	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
147	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
148	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
149	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
150	CRM	Salesforce.com Inc.	0.00	+0.25	700,000

151	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
152	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
153	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
154	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
155	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
156	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
157	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
158	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
159	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
160	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
161	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
162	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
163	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
164	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
165	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
166	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
167	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
168	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
169	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
170	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
171	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
172	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
173	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
174	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
175	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
176	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
177	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
178	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
179	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
180	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
181	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
182	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
183	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
184	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
185	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
186	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
187	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
188	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
189	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
190	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
191	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
192	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
193	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
194	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
195	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
196	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
197	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
198	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
199	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
200	CRM	Salesforce.com Inc.	0.00	+0.25	700,000

201	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
202	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
203	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
204	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
205	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
206	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
207	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
208	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
209	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
210	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
211	CRM	Salesforce.com Inc.	0.00	+0.25	700,000
212	CRM	Salesforce.com Inc.	0.00	+0.25	700,00

AMEX

Friday's 4 P.M. Close					
The 150 most traded stocks of the day, up to the closing on Wall Street.					
The Associated Press.					
Stock	Sales	High	Low	Latest	Change
Am. Can. Co.	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Oil	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Tel. & Tel.	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Tobacco	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Water	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Wire	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Zinc	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Iron	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Steel	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Coal	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Copper	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Lead	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Tin	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Silver	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Gold	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Platinum	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Palladium	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Nickel	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Zinc	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Lead	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Tin	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Silver	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Gold	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Platinum	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Palladium	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Nickel	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Zinc	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Lead	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Tin	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Silver	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Gold	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Platinum	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Palladium	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Nickel	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Zinc	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Lead	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Tin	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Silver	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Gold	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Platinum	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Palladium	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Nickel	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Zinc	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Lead	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Tin	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Silver	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Gold	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Platinum	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Palladium	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Nickel	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Zinc	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Lead	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Tin	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Silver	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Gold	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Platinum	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Palladium	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Nickel	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Zinc	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Lead	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Tin	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Silver	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Gold	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Platinum	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Palladium	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Nickel	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Zinc	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Lead	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Tin	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Silver	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Gold	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Platinum	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Palladium	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Nickel	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Zinc	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Lead	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Tin	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Silver	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Gold	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Platinum	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Palladium	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Nickel	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Zinc	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Lead	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Tin	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Silver	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Gold	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Platinum	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Palladium	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Nickel	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Zinc	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Lead	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Tin	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Silver	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Gold	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Platinum	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Palladium	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Nickel	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Zinc	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Lead	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Tin	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Silver	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Gold	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Platinum	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Palladium	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Nickel	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Zinc	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Lead	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Tin	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Silver	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Gold	100	48 1/2	48 1/2	48 1/2	+1/2
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Am. Silver	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Gold	100	48 1/2	48 1/2	48 1/2	+1/2
Am. Platinum	100	48 1/2	48 1/2	48 1/2	+1/2
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INTEREST RATES

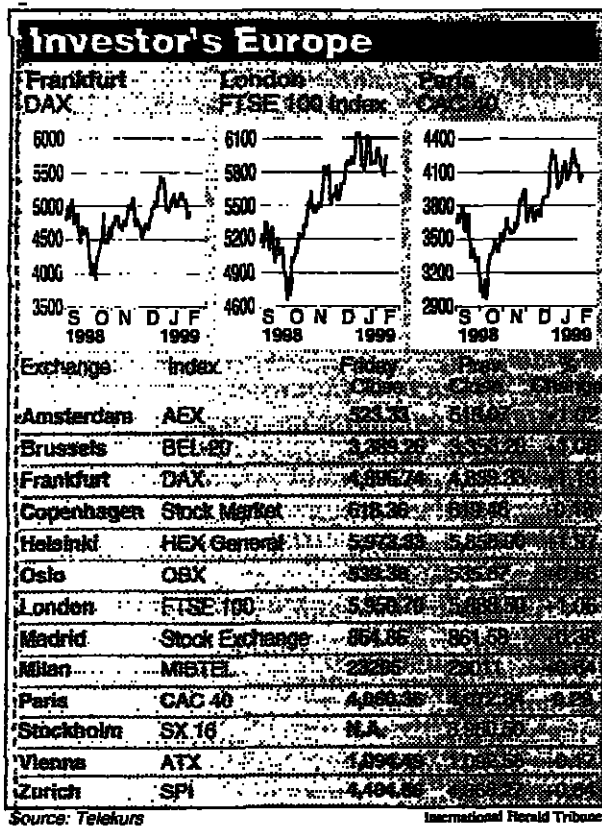
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2-1	TO BALANCE	75.00	75.00
2-15	BY CHECK	25.00	50.00
3-1	TO BALANCE	50.00	50.00
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4-1	TO BALANCE	25.00	25.00
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6-15	BY CHECK	25.00	0.00
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EUROPE



Lloyds TSB Skirts Turmoil To Lift Profit

Compiled by Our Staff From Dispatches

LONDON — Lloyds TSB Group PLC, Britain's largest retail financial services company, posted a 14 percent rise in profit for 1998 on Friday and said it saw no material impact from global financial turbulence.

The bank's pretax profit from continuing operations rose to £3.29 billion (\$5.35 billion) from £2.89 billion a year ago.

The results sent Lloyds TSB shares 68 pence higher, to close at 852 pence, and lifted the entire British banking sector. The benchmark Financial Times-Stock Exchange 100-stock index rose 62.20 points, or 1.06 percent, to close at 5,950.70.

Lloyds TSB also reported a small increase in domestic debt and a decline in overseas provisions. The bank's main presence in emerging markets is in Latin America through its consumer finance subsidiary, Losango, which reported a small profit.

Airbus Proposes Big Military Transport Plane

Bloomberg News

PARIS — Airbus Industrie said Friday that it had sent seven governments a proposal to build a large military transport plane for them in an effort to enter a potentially lucrative new market.

The European consortium now builds only civilian aircraft.

The plane, which is being called the A400M, likely would compete with Boeing Co.'s C-17 and Lockheed Martin Corp.'s C-130.

The A400M exists on paper only and it would be many years before such an aircraft was built, even if Airbus could win customers for it.

The proposal, delivered to the governments of France, Germany,

Britain, Italy, Spain, Belgium and Turkey, comes as European defense companies try to consolidate so they can better compete with the two U.S. giants, Boeing and Lockheed Martin Corp.

"This represents a major integrated venture of key European aerospace actors in the field of military air transportation," said Noel Forgeard, managing director of Airbus.

The seven governments together need a total of 288 new transport planes, which would cost an estimated \$25 billion.

Military transport planes are used for moving troops or equipment, not for fighting or launching weapons.

Boeing's C-17 can carry 150 troops or three Apache attack helicopters or three jeep side by side. The size of the A400M has not yet been fixed, although analysts say it will likely be smaller than the C-17.

Three years ago, the British Royal Air Force, seeking to replace aging Lockheed Hercules planes, ordered 25 C-130s from Lockheed Martin, even as British Aerospace PLC lobbied hard for the RAF to wait until the new Airbus was ready and order that instead. The RAF also has 120 orders for the C-17 through 2005.

The companies involved in the A400M include the four Airbus partners, Aerospatiale of France, DaimlerChrysler Aerospace AG of

Germany, British Aerospace and Construcciones Aeronauticas SA of Spain.

New EU-U.S. Split

After bananas and beef, a new trade conflict is looming between the European Union and the United States over a proposed European ban on aging aircraft that could affect U.S. companies in particular, Agence France-Presse reported.

The European Parliament this week approved a draft directive that would ban, as of 2002, aircraft fitted with U.S.-made "hush kits" to reduce noise. The proposal has already raised hackles in Washington. The measure would take effect April 1.

Ebner Raises His Stake in Several Firms

Bloomberg News

ZURICH — Martin Ebner, the Swiss financier who brought shareholder activism to Switzerland, said Friday he had raised his stake in several blue-chip companies and planned to take an "important role" in the direction of some of them.

Mr. Ebner tripled his stake in Credit Suisse Group, predicting that its earnings would rise as it reduces its exposure to risky businesses such as emerging-markets trading.

Mr. Ebner's investment fund, BK Vision AG, raised its stake in Credit Suisse to 8.7 percent this month from 2.6 percent at the end of last year. The fund also increased its stake in UBS AG to 2.7 percent from 1.5 percent.

The "sustainability of earnings" at both banks will benefit from their "concentration on less risky lines of business," Mr. Ebner said. Credit Suisse shares were at 225.5 Swiss francs (\$159), up from 220 francs, in

late trading Friday in Zurich.

Mr. Ebner also increased his investment in Alpiq, which is being purchased by VIAG AG of Germany, to 21.8 percent from 14.2 percent.

He also raised his stake in Rieter Holding AG, a leading producer of textile machines for spinning, to 21.4 percent from 10.72 percent.

Mr. Ebner's fund, Sullhalter Vision AG, first bought Alpiq shares a year ago, when he predicted "more consolidation" among European industrial companies. Alpiq's planned sale to VIAG comes after Mr. Ebner pushed for the combination of Union Bank of Switzerland and a rival, Swiss Bank Corp. The deal to form UBS AG, Europe's biggest bank, was completed in June.

Asked if he plans to buy more Alpiq shares, Mr. Ebner said they were "unbelievably cheap." The shares, which were down 6.163 Swiss francs in late trading Friday,

are worth 10 percent less than when the VIAG union was announced.

"Major shareholders like us can play an important role" at companies like Alpiq, Mr. Ebner said at a press conference in Pfaffikon, Switzerland.

Mr. Ebner has said he will join the board of VIAG as well as Asa Brown Boveri, a leading electrical engineering company. Sullhalter Vision owns 9.6 percent of ABB AG, the Swiss parent of Asa Brown Boveri, and 3 percent of ABB AB, the Swedish parent.

Mr. Ebner's increased stake in Rieter fueled speculation that the company and a rival, Saurer AG, the world's largest producer of machines for spinning, twisting and embroidering textiles, might work more closely together, analysts said. Saurer said last month its provisional 1998 sales fell about 8 percent, battered by the economic slowdown in emerging markets.

ING Reorganizes Its Barings Unit

Bloomberg News

AMSTERDAM — ING Groep NV announced a reorganization of its ING Barings unit Friday that gives the Amsterdam headquarters greater control over corporate and investment banking.

Chief Executive David Robins and Michel Tilmant, ING Groep's board member for corporate and investment banking, said in a memo to employees that ING Barings would integrate its London and Amsterdam headquarters, while consolidating emerging-markets activities in regional centers such as New York and Tokyo.

ING Barings will reorganize its activities into four global business lines: corporate and institutional finance, equity markets, general banking and financial markets. The investment bank also said it planned several management changes and a greater focus on cost control.

Very briefly:

- Sweden's central bank cut benchmark interest rates for the fourth time in three months as slow economic growth kept inflation below the bank's target.
- Built SA's 1998 profit plummeted 97 percent, to 17 million French francs (\$2.9 million), on a one-time 402 million-franc charge for restructuring and job cuts at the computer maker.
- Alusuisse-Lonza Group Ltd.'s 1998 net profit rose 14.5 percent to 530 million Swiss francs (\$374.4 million), as the aluminum, packaging and specialty chemicals company exceeded many analysts' expectations.
- LVMM Moët Hennessy Louis Vuitton SA named the former managing director of Ungaro, Thierry Andreu, as chairman and chief executive of the luxury-goods maker's Celine fashion subsidiary.
- VIAG AG's 1998 operating profit rose 10 percent, to 3.2 billion Deutsche marks (\$1.85 billion). The utility's sales jumped 300 million DM to 49.2 billion DM. Bloomberg, Reuters

WORLD STOCK MARKETS

Friday, Feb. 12

Prices in local currencies

in euros for ECU countries

Telecons

High Low Close Prev.

Amsterdam

ASEX index: 223.32

Previous: 214.07

ABN-AMRO

18.60 18.15 18.40 18.25

Alcoa

91.45 90.50 91.50 90.40

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ASIA/PACIFIC

Forthright Bank of Japan Governor Stands His Ground

Compiled by Our Staff From Dispatches Reuters

TOKYO—Masaru Hayami, the governor of the Bank of Japan who is under pressure to support the nation's sagging economy, is well known for speaking his mind.

While the Bank of Japan lowered its benchmark interest rates Friday, Mr. Hayami has repeatedly rejected government pressure for the central bank to take other steps to stop a rise in long-term interest rates that threaten to choke off an economic recovery.

Mr. Hayami has repeatedly rejected the idea that the central bank should directly underwrite Japanese government bonds, arguing that it would hurt the bank's credibility, the nation's sovereign credit rating and fiscal discipline, eventually leading to a further rise in long-term rates.

"I'm hoping that even if it is indirect," Mr. Hayami said, the rate cut "will have the effect of pulling down long-term interest rates."

He also dismissed other options, which are seen as less drastic, such as expanding the central bank's outright

bond buying operations.

"Some may think it would be O.K. for the central bank to rapidly expand outright buying of Japanese government bonds, but if we did this it would end up having the same results as direct underwriting — also leading to a loss of fiscal discipline," Mr. Hayami said this week.

As the first governor under a new Bank of Japan law that stresses the central bank's independence, Mr. Hayami's reaction to the recent political pressure on the central bank to rein in rising bond yields is seen as being tested.

Mr. Hayami, 73, is no stranger to the central bank. He began his Bank of Japan career in 1947 when the country was still devastated by World War II. During his nearly 35 years at the central bank, Mr. Hayami served in the New York and London branch offices and also as manager of the bank's foreign office in Tokyo.

He became executive director in 1978. Mr. Hayami was recruited in 1981 by the trading firm Nissho Iwai Corp., of

which he later became president.

A fluent English speaker, Mr. Hayami has headed countless international business associations as well as bilateral cooperation groups with Brazil, the United Arab Emirates and Belgium.

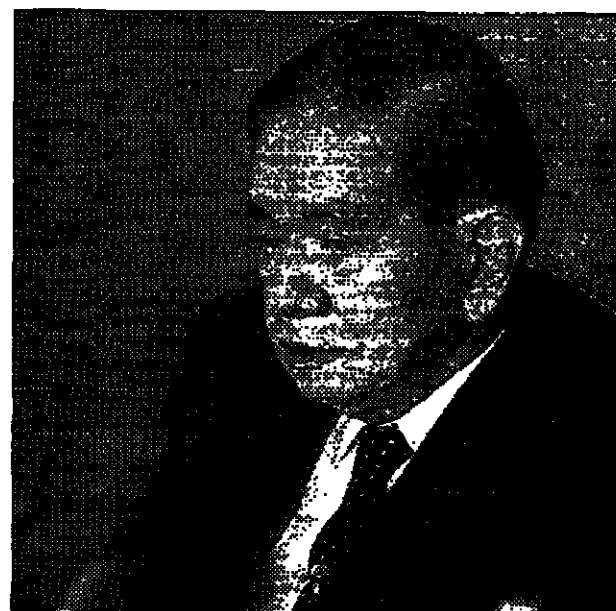
Before becoming the central bank governor, he headed the Japan Association of Corporate Executives, one of four main business lobbies.

Even outside the corridors of power, he has been considered an influential figure on monetary policy. His statements on interest rates in the mid-1990s would often move markets as traders looked for clues to official policy.

He is a foreign exchange specialist who published a book in 1995 titled "The Day the Yen Wins Respect." An advocate of the global use of the yen, Mr. Hayami believes a country can be helped by a strong currency.

Mr. Hayami has served as a member of the governing board of several top Japanese universities, including International Christian University in Tokyo.

His term as the central bank's governor expires in March 2003.



Masaru Hayami, head of Japan's central bank, has resisted political pressure to prop up the economy.

Investor's Asia

Index	1998	1999	Change
Hong Kong Hang Seng	11000	10000	-9.09%
Singapore Straits Times	1500	1400	-6.67%
Tokyo Nikkei 225	17000	16000	-5.88%
Exchange Rates			
US Dollar	100	100	0.00%
Yen	100	100	0.00%
British Pound	100	100	0.00%
Swiss Franc	100	100	0.00%
Japanese Yen	100	100	0.00%
US Dollar	100	100	0.00%
Yen	100	100	0.00%
British Pound	100	100	0.00%
Swiss Franc	100	100	0.00%
Japanese Yen	100	100	0.00%
US Dollar	100	100	0.00%
Yen	100	100	0.00%
British Pound	100	100	0.00%
Swiss Franc	100	100	0.00%
Japanese Yen	100	100	0.00%

China Province To Curb Bailouts

Compiled by Our Staff From Dispatches Reuters

SHENZHEN, China—A Chinese official issued on Friday the country's strongest statement yet that "window companies" aimed at funneling foreign investment to local government projects could no longer count on bailouts from the state.

Guangdong Province said foreign lenders abused its system of using government-controlled finance firms to raise money on behalf of other companies, Wang Qishan, vice-governor of the province, told the China Daily, and it will stop that method.

Foreign lenders "did not follow accepted international practices in giving loans," he said, and "bet their stake on guarantees, promises, and letters of support from the local government, in direct violation of rules."

"Some institutions even confused these promises with sovereign credibility," Mr. Wang added.

The province will now force its companies to become competitive in an open marketplace, Mr. Wang said, rather than receive subsidized financing from the state-controlled finance companies, like the failed Guangdong International Trust & Investment Corp.

The Chinese central bank shut GITIC down in October because it was unable to repay foreign debt. The company filed for bankruptcy last month, citing debt of 36.17 billion yuan (\$4.37 billion) against assets of just 21.47 billion yuan.

Mr. Wang said that the bankruptcy of GITIC, one of China's largest borrowers, marked a new era for window firms. "The historical role of window companies has ended," the Special Zone Daily quoted Mr. Wang as saying.

"From now on all types of enterprises must establish their own credit through market competition," he said.

One Shanghai-based banker said, "Now, whenever a bank lends money to a window for a Chinese entity, it will really look at the entity and really look at the cash flow to see whether they can pay back." (Reuters, Bloomberg)

Indonesia Asks IMF for More Aid

Compiled by Our Staff From Dispatches Reuters

MONTEGO BAY, Jamaica—Indonesia is on the road to recovery from its financial crisis but needs an extra \$1 billion from the International Monetary Fund, according to the country's coordinating minister for economy and finance, Ginandjar Kartasasmita.

Mr. Ginandjar, speaking on the sidelines of a summit meeting of developing countries in the Jamaican resort of Montego Bay, said he expected the Indonesian economy to return to growth in the second half of this year and show modest growth next year.

"We have seen the light at the end of the tunnel," he said Thursday. "We are very confident that we will soon be out of it."

Indonesia, one of the first victims of the regional crisis that started in July 1997, has already received billions from the IMF, the World Bank and the Asian Development Bank as part of a \$43 billion international rescue package.

But Mr. Ginandjar said Jakarta was looking for an additional \$1 billion of IMF funds to unlock money promised under Japan's \$30 billion Miyazawa Plan, which is designed to bail out Asia's economies.

"Japan, with the Miyazawa Plan, is insisting that it should be co-financed with the IMF," he said.

He acknowledged that he was surprised at the depth of resentment about the IMF at the meeting of the Group of 15 developing countries. Many delegates have accused the organization of responding inappropriately to the problems in Asia and beyond.

Prime Minister Mahathir bin Mohamad of Malaysia, long a fierce critic of the fund, said its demands were stifling companies and threatening Asians' independence.

Mr. Ginandjar noted that the organization had admitted that it made mistakes at the early stages of the crisis, underestimating the scale of problems and insisting that countries run big budget surpluses.

Astra Sweetens Offer to Creditors

Compiled by Our Staff From Dispatches Reuters

JAKARTA—PT Astra International, Indonesia's largest carmaker, said Friday it was sweetening its offer to creditors, saying it would immediately repay about \$1.17 billion in debt if they agreed to write off 70 percent of those borrowings.

Astra, which like other large Indonesian companies is struggling to restructure its foreign debt, earlier had offered to repay creditors willing to write off more than 75 percent of what they are owed.

The offer was sweetened "after looking at the market and consulting with our creditors and talking to the banks," said Lukas Maschi, one of the coordinators of the restructuring plan.

Mr. Maschi declined to specify how many creditors put in bids.

With Indonesia in its first recession in more than three decades and car sales unlikely to show a dramatic rebound soon, many creditors are worried that it will be a while before Astra will be able to repay its debt fully.

Some creditors are looking to get what they can immediately, analysts said.

Other creditors, however, said they were not interested in a write-off.

"We believe that Astra can repay their debts, maybe they need some rescheduling, but we are not interested at 20 cents or 30 cents to the dollar," said Kyoichi Nagata, a deputy general manager for Fuji Bank Ltd. in Singapore.

Among the automaker's other creditors are Chase Manhattan Corp. and Sumitomo Bank Ltd.

Thai Stocks Rise After a Key Vote

Compiled by Our Staff From Dispatches Reuters

BANGKOK—The Thai stock market rose 10.8 percent Friday after the upper house of Parliament approved a key piece of bankruptcy legislation designed to help the beleaguered economy recover from its worst recession in more than half a century.

The Stock Exchange of Thailand composite index soared by 33.78 points to close at 347.43 points.

The legislation, which sets up a specialized bankruptcy court, will now go back for the final time to the lower house of Parliament, which is dominated by Prime Minister Chuan Leekpai's coalition, and could become law in a matter of weeks, government officials say.

The government wants the new court to handle an expected sharp increase in bankruptcy suits in the wake of the recession, which began after the devaluation of the baht in mid-1997.

The new law will be the first of a series of 11 financial reforms promised by the Thai government to the International Monetary Fund.

The IMF is leading a \$17.2 billion bailout package for the battered Thai economy and has agreed with the government on a string of measures designed to help recovery.

Finance Minister Tarrin Nimmannhem said the bankruptcy law would normalize Thailand's disrupted banking and credit system and help surviving businesses.

Financial markets had worried that the Senate, which contains representatives of some of Thailand's richest families and powerful vested interests that have been hit hard by the economic crisis, might reject the legislation.

Senators agreed to drop an earlier demand for a two-year delay in enforcing the law but stood firm on their demand that bankruptcy rulings imposed by the new court could be appealed twice in the Thai appeals and supreme courts.

The stock market also got a lift when Bangkok Bank PCL, the biggest commercial bank, said it would increase its capital by 40 billion baht (\$1.08 billion). (AFP, Reuters)

Very briefly:

- Hyundai Motor Co., South Korea's largest car maker, reported a loss of 33.1 billion won (\$28.1 million) in 1998 due to plunging domestic demand and its acquisition of debt-ridden Kia Motors Corp. Another Hyundai Group subsidiary, Hyundai Electronics Industries Co., also reported heavy losses as it faced mounting pressure to overhaul unprofitable enterprises.
- UBS AG, the Swiss banking group, is cautioning its clients to stay out of stocks and out of Asia in anticipation of a major correction on Wall Street this year, its head of investment information, Oliver Adler, said in Singapore.
- Malaysia, looking to fix its troubled financial industry, put six ailing stock brokerages into receivership, appointing special administrators and placing a 12-month moratorium on creditor action. The six firms are Alor Star Securities, WK Securities, Labuan Securities, Taiping Securities, MBF Northern Securities and Halim Securities.
- Sawana Bank Ltd. will buy 100 billion yen (\$872.9 million) in new shares to be issued by Toyo Trust & Banking Co. before March 30, becoming the trust bank's largest shareholder.
- Honda Motor Co. will form a joint venture with P.T. Prospect Motor of Indonesia to assemble and sell Honda cars. The venture to be owned 51 percent by Prospect, will integrate Honda's four Indonesian automobile businesses, currently operated by four separate firms, and create about 900 jobs. (AFP, Reuters, Bloomberg)

McDONALD'S: Fast-Food Giant Adopts Quicker, Leaner Ways

Continued from Page 11

formula gave McDonald's a unified marketing theme, such as "You Deserve a Break Today," and a consistent and distinctly American batch of winning products that came to be symbolized by its golden arches.

The company also may face an uphill battle meeting targets of an increase in profit of 10 percent to 15 percent a year for the next five years, analysts say. McDonald's, with \$35 billion in sales, has more than 12,400 restaurants in the United States already and stiff competition from Wendy's, Burger King and smaller hamburger chains such as Carl's Jr. in California and a reviving Jack-in-the-Box.

To meet those goals, the company must reverse a lengthy series of corporate missteps that began in the mid-1990s.

McDonald's was trying to expand its operations with aggressive promotions. But the Arch Deluxe and other new products flopped. "Campaign 95," a discount program that lowered the cost of a hamburger to 55 cents, and other promotions fizzled. Burger King and Wendy's began to gain market share.

Food at McDonald's was seen as subpar, ranking in one taste test just below food from Hooters — a restaurant chain not known for its food — and, in one survey of customer satisfaction, just ahead of the Internal Revenue Service.

"In retrospect, we lost our way back in mid-1994," Michael Conley, the company's chief financial officer, said. "We were trying to drive the company almost exclusively with national advertising."

In mid-1997, the company dropped its lead advertising agency, Leo Burnett & Co. The new agency, Omnicom Group's DDB Needham unit, created the "Did Somebody say McDonald's?" campaign. Mr. Greenberg, a former accountant who was head of U.S. operations, was named chief executive last August.

After slipping in 1996 and 1997, McDonald's share of the fast-food market has reached its highest level in a decade, 43 percent of the market, according to Technomic, a market-research firm in Chicago. McDonald's said sales at restaurants open at least a year had improved substantially.

The more-flexible cooking system is generating somewhat higher customer satisfaction. Moreover, strained relations with franchise operators have improved. "This is a different management style," said Paul Sabar, chairman of the



McDonald's seeks to lift sales at U.S. outlets such as this one in New York.

National Leadership Council, a group that represents franchise operators. "Jack's attitude is to get to know owner operators and their issues; he's brought a spirit of working together."

Mr. Greenberg has reorganized domestic operations into five divisions. He gave owners of independent franchises a more collaborative role in marketing and advertising and a say in the menu.

The company also has agreed to pay half the cost of a new food-preparation system designed to keep perishables and allow McDonald's assembly lines to accommodate new menu items.

The company also slowed expansion in the United States, where the rapid opening of new stores led to concerns about the cannibalization of existing outlets.

Unprofitable, low-volume satellite operations, such as outlets in Wal-Mart stores, were closed. Executives say priorities now are faster drive-through service, cleaner stores and better food.

In McDonald's international division, local managers and franchise operators have long had substantial control over how they do business. The locals create a supply infrastructure within each country or region; everything is financed in the local currency. A great deal of attention is paid to local customs, such as food tastes.

"Our strategy is to be as much a local business as possible," said Jim Cantalupo, head of international operations. "We don't run Spain out of Portugal." That decentralization allowed local managers in Indonesia to add rice

quickly after the rupiah collapsed in 1997, which made french fries — the main imported product — much too expensive. And it has paid off in other places hit hard by global market forces.

"We've got a lot of experience dealing with down markets," Mr. Cantalupo said. "We've dealt with six government economic plans in Brazil."

While other multinational companies, such as Coca-Cola and Procter & Gamble, suffered sharp earnings declines in 1998, McDonald's — despite a dip in Asia — still posted operating-profit gains.

"International is the locomotive here," said Dean Haskell, an analyst at Everen Securities in Chicago.

Though pleased with 1998 results, Mr. Greenberg knows that one strong year is just one strong year. He says the company is hardly complacent.

"We've got a lot of hard work ahead," he said.

The company also has become more attuned to Wall Street, buying back a big chunk of its stock and announcing a two-for-one stock split last month that investors applauded.

Executives say the company will continue to experiment and innovate. But while decentralized operations are the new mantra, McDonald's will still be McDonald's, they say.

"Decentralization doesn't mean chaos or anarchy," Mr. Greenberg said. "The things that make McDonald's distinct are going to be there," he said. "Those things aren't negotiable."

RELIGIOUS SERVICES

AMSTERDAM CROSSROADS INTERNATIONAL CHURCH International 4 Burgelaan Sunday Service 10:00 a.m. & 11:30 a.m. / Kijk Wolkens, Deventer 3, S. Amsterdam info: 020-641 8812 or 020-661 023	FLORENCE ST JAMES' CHURCH, Sun 9 & 11 a.m.; in Italian 9 p.m. Via S. Ruffini 9, 50123 Florence, Italy Tel 55 284 417	INGOLSTADT (GERMANY) ANGELICAN EPISCOPAL CHURCH, 6th Sun 9 p.m. in English/German, Beer-Ehrhards, Tel 49 (0) 8421/125	NICE - FRANCE L.B.C., 19 rue Verner, English service, Sunday evening 10:30, Pastor Ray Miller - Tel (04 93) 84 82 81
BERLIN BERLIN 1st Church (Evangelical) Sunday services: 10:30 am, Hotel Mondial, Kottbusdamm 47, Pastor H. Peschmann, Tel. +49 (0)30-34 70 91 78, www.berlin-church.org	ROME ST PAUL'S WITHIN THE WALLS, Sun, Eucharist 8:30 & 10:30 a.m., Eucharist in Spanish 1 p.m., Via Napoli 58, 00184, Tel 39 06 488 3339 or 474 3589	EUROPEAN BAPTIST CONVENTION BERLIN L.B.C. BERLIN, Rotherstrasse 13, (Gleits), Sunday Bible Study 10:45 worship Service 12 noon, Charles W. Lord, Pastor, Tel. 030-774-6570	ST PAUL DE VENCE - FRANCE St Paul de Vence-France L.B.C. Espace St Claire Level 10 Bible Study Sun 9:30 Worship Sun 10:45 Tel 04 93 24 82 81
FRANKFURT St Leonhard, International Catholic Parish, Alte Mainzer Gasse 8, 60311 (near Haupt), Masses in English: Saturday 5 p.m., Sunday 10 a.m., Tel/Fax 069-253777 or J. Schaefer am.liebfrauen-uni.de	KARLSRUHE (GERMANY) ANGELICAN EPISCOPAL COMMUNITY 1st and 3rd Sunday 5 p.m. in chapel of Lutheran Church, Kirchstr. 4, D-76183 Karlsruhe, Tel 49 (0) 721 283 79 or 49 (0) 721 49 15 39	BRATISLAVA - SLOVAKIA L.B.C., The Levea, Karlovska 64, Bratislava 1048, Worship Sun 10:00 Tel (07) 715367	PRAGUE L.B. FELLOWSHIP, Vinohradska 8 68, Prague 3, Sun, 11:00 Tel (02) 311 7974
PARIS and SUBURBS EMMANUEL BAPTIST CHURCH 55, rue des Bains-Rouges, 92400 Fontenay-aux-Roses, Services: 9:45 a.m. & 11 a.m. with Sunday School, For info Tel 01 47 51 29 63/01 47 45 15 39 or info@emmanuel-paris.com/Fontenay1332 International Baptist Fellowship meeting at 48 rue de Lille, Paris 75, 1820 Sundays, Call above for info.	MUNICH CHURCH OF THE ASCENSION, Sun, Eucharist 9 & 11:45 am (Sun School) Nussli, Rotherstr. 4, D-8545 Munich (Hauptstadt), Tel 49 (0) 89-89185	BREMEN L.B.C., Holtenauerstr. Hermann-Buse-Straße, 28195, Pastor: telephone: 0421-76648	ZURICH - SWITZERLAND L.B.C. of Zurich, Gehrstrasse 31, 8003 Ruschlikon, Worship Services Sunday morning 10:30 Tel 1-4501018
HOPE INTERNATIONAL CHURCH Hope Church at Park La Defense, 8 Bd de Neuilly, Worship Sundays 10:00 a.m. Rev. Pastor: Henry, Pastor: T. 01 49 33 04 06 Mito 1 to La Defense Espérance	FRANKFURT CHRIST THE KING Eucharist Sun 9 & 11 Sunday School Nussli 10:45 Sebastian Rine Str 22 60308 Frankfurt, Tel 49 (0) 11-23 1464-1165, Tel 49 (0) 66530194	BUDAPEST L.B.C., meets at Munkacsy Zsigmond Street 106-108 of 48-54, Sun 10:00 Tel 246-1613	ASSOCIATION OF INTEL. CHURCHES FAMILY WEEKEND SUMMER ASSEMBLY in Interlaken Switzerland July 3-8, Speakers: Philip Yarns & David Lezz. Tel 48.61.341.0235, etc@compassion.net
SAINT JOSEPH'S CHURCH (Roman Catholic), MASS IN ENGLISH Sat 11:00 a.m., 6:30 p.m.; Sun 9:55-11:15 a.m., 12:15 & 8:30 p.m., Mon-Fri 8:00 a.m.; 5:30 a.m. Mass, Paris 8th, Tel 01 47 22 39 58, Hope Christs de Gaulle - Ecole	WIESBADEN ST AUGUSTINE OF CANTERBURY Sun 10 a.m., Festivals 9 a.m., 85189 Wiesbaden, Tel 49 (0) 61330874	BULGARIA L.B.C. World Trade Center 55, Dzhelio Tzarov Blvd Bible Study 10:00am 11 James Duke Pastor, Tel 871 - 2192	GENEVA L.V. LUTHERAN CHURCH 20 rue Verdaine Sunday worship 12:30 in German 11:30 in English, Tel (022) 310 5039
CANNES HOLY TRINITY, rue du Canada (Golfing) the Centre, 10200 entry Sunday, Tel 04 93 94 94 91, Chaplain: Ian Barclay	GENEVA EMMANUEL CHURCH 1st & 3rd Sun 10 a.m. Eucharist 2nd & 4th Sun 10 a.m. Prayer 5 p.m. de Montfaucon, 1231 Geneva, Switzerland, Tel 41 (0) 22 732 30 76	DARMSTADT - GERMANY L.B.C. Wilhelm-Leuschner Str 104, Darmstadt-Griesenheim, Bible Study Sun 10:20, Tel (0611) 941-0006	PARIS AMERICAN CHURCH IN PARIS Worship 11:30 a.m. 65 Quai d'Orsay, Paris 75, Bus 83 at door, Metro Alma-Marcadet or Invalides
THE EPISCOPAL CHURCHES OF EUROPE (Anglican)	BRUSSELS/WATERLOO ALL SAINTS' CHURCH, Sun 11:15 am (Sun School), 1st Sun, 9:30 am, 3rd Sun, 9:30 am, 5th Sun, 9:30 am, 7th Sun, 9:30 am, 9th Sun, 9:30 am, 11th Sun, 9:30 am, 13th Sun, 9:30 am, 15th Sun, 9:30 am, 17th Sun, 9:30 am, 19th Sun, 9:30 am, 21st Sun, 9:30 am, 23rd Sun, 9:30 am, 25th Sun, 9:30 am, 27th Sun, 9:30 am, 29th Sun, 9:30 am, 31st Sun, 9:30 am, 1st Mon, 9:30 am, 3rd Mon, 9:30 am, 5th Mon, 9:30 am, 7th Mon, 9:30 am, 9th Mon, 9:30 am, 11th Mon, 9:30 am, 13th Mon, 9:30 am, 15th Mon, 9:30 am, 17th Mon, 9:30 am, 19th Mon, 9:30 am, 21st Mon, 9:30 am, 23rd Mon, 9:30 am, 25th Mon, 9:30 am, 27th Mon, 9:30 am, 29th Mon, 9:30 am, 31st Mon, 9:30 am, 1st Tue, 9:30 am, 3rd Tue, 9:30 am, 5th Tue, 9:30 am, 7th Tue, 9:30 am, 9th Tue, 9:30 am, 11th Tue, 9:30 am, 13th Tue, 9:30 am, 15th Tue, 9:30 am, 17th Tue, 9:30 am, 19th Tue, 9:30 am, 21st Tue, 9:30 am, 23rd Tue, 9:30 am, 25th Tue, 9:30 am, 27th Tue, 9:30 am, 29th Tue, 9:30 am, 31st Tue, 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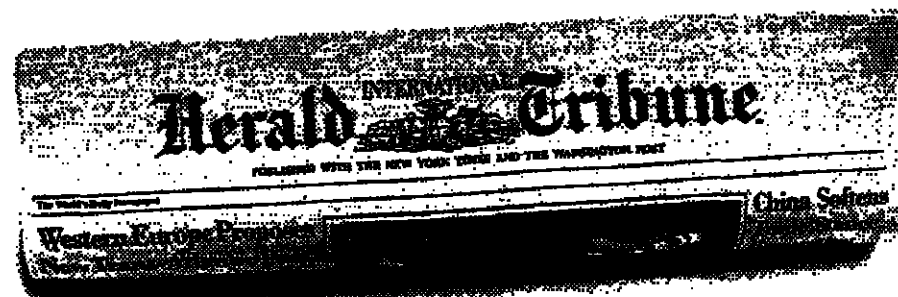
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SATURDAY-SUNDAY,
FEBRUARY 13-14, 1999
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MONDAY
SPORTS

E-mail address: moneyrep@iht.com

Website: www.iht.com/HT/MONEY

Year of the Rabbit: the Dangers of Leaping Into Asia's Markets

Ms. Sullivan: Let's go around the table and hear each of your overall views on the region. How about you David? Has Asia turned the corner?

Mr. Semple: I would categorize myself as cautiously optimistic because we are finding a lot of interesting companies to invest in at prices that are pretty good. But I am under no illusion about the scale of the job to recapitalize and restructure the economies that have been hardest hit.

Mr. Kaye: Asia is better positioned now than much of the world. I guess that view makes me cautiously optimistic too, at least on a relative basis. Asia has already suffered pretty badly and the conditions that are necessary to return to the depths of despair of a year ago really aren't there anymore. But the engines for economic growth in Asia aren't here yet, and I really don't see them reappearing for a long time. So it's a long-term work out: three to five years.

Mr. Cheah: I have not seen any signs of a large-scale return of real investors to the Asian stock market, and I am not very hopeful in that respect. I do know, however, that if you are looking to invest in good stocks at good prices, this is a good time to be in these markets. What bothers me is the perception that the investment market for Asian equities has collapsed and is not recovering. That's because since late 1997 the buyers and sellers in the Asian markets are generally traders who come in and out very quickly and just want to concentrate on large-cap stocks. They have no loyalty to the concept of investing in equities. But my style is bottom-up stock picking and I am seeing a lot of good businesses at very attractive prices.

Mr. Howlett: We think the bottom has been seen, although it would be premature to expect much of an upturn yet. There is going to be at least another year of recession. At the same time, a wave of global liquidity fed by interest-rate cuts has driven stocks to levels beyond what we would regard as good value. So we aren't looking for a major correction but we are also not expecting a great rally. Thailand and Singapore are the best bets.

Mr. Cadby: Our view concurs almost exactly with Bill's [William Kaye's]. If you look at the magnitude of the falls in markets and stocks across the region last year, you could argue that there has not been capital destruction like that since the 1920s in the U.S. So I think it's fair to say that we saw the lows in many coun-

tries last year. However, we are highly suspicious that the recent rallies were really liquidity-driven and that they have driven the markets up to excessive levels: Korea is up 120 percent from its lows and Singapore 90 percent.

We are also very cautious about earnings growth: my suspicion is that ex-Japan we may see, if we are lucky, just 5 percent earnings growth this year. That makes it very difficult to find any compelling buys on stocks, except for some very small caps.

Mr. Lui: Overseas investors have had minimal exposure to Asia for a long time but there has been a gradual change in direction since last year. So the market has hit the bottom. But I still expect international investors to have a relatively high exposure in Europe and the U.S. and a relatively low exposure in Asia and Hong Kong.

Mr. Konyan: Sentiment is generally still quite poor. We foresee a return to some extent of international and region investors as they increase their Asia weighting to divest some of the cash they accumulated in the fourth quarter. But that isn't leading to a massive influx of funds. People are still very much focused on the overhang of debt and the excess of capacity. There are some opportunities, short-term, to take advantage of the increase in liquidity, notably in Korea and Thailand and possibly in the Philippines. Some economies are better managed than others: we have more confidence in Singapore than the others, for example. But it doesn't mean that we are loading up or piling in. We are still heavily underweight in Asia.

Mr. Segal: Isn't one of the problems in this market that people feel they were burned by sketchy information? Won't there have to be a change in the level of disclosure in some of the stocks before international investors come

back to the market?

Mr. Cheah: I don't think there are any easy solutions. Incrementally, the people who run listed companies here are becoming more aware of the need to behave in a responsible fashion. But there is no revolution.

Ms. Sullivan: Let's focus on Hong Kong for a moment and on its investment opportunities. Are there any?

Mr. Semple: I am somewhat concerned about what is going on here. I find it difficult to see interest rates going down any further. I do see the argument for residential supply and demand. But while China is decelerating and has enormous problems, it is hard to see what is going to move these prices upwards. Banks, property — you have a large part of the market right there and I just don't see compelling cases for the sectors. Of course we hold stocks, but most of our Hong Kong portfolio is hedged.

Mr. Segal: It will be interesting to see if the government returns some land to the market in April. My assumption is that more supply will mean weaker prices. Is that true?

Mr. Semple: It is very simple: the government wants to take advantage of the margin in expansion. They want to buy land at cheap prices and sell in two or three years at expensive prices.

Mr. Konyan: Increasingly, the real estate developers now have to be viewed like manufacturing companies. Instead of companies able to sustain 45 percent margins like in the good old days, 15 percent is probably a very good margin now. I think it is fairly certain that the government would like to see stable land prices.

A far too high a percentage of the population still can't afford to get on the ladder. Incomes are not growing, in fact they are falling. So the government really needs to make sure this situation doesn't aggregate.

Mr. Cheah: Hong Kong in its present form is not a viable economic entity. That is a fact. Businessmen can continue to cut costs by firing people and lowering salaries but will have hit two roadblocks: the first is that relatively high real estate prices are part of the Hong Kong system. The second is the fixed exchange rate.

Mr. Segal: How much currency risk is there in Hong Kong at the moment? Are retail investors who can't hedge cheaply running a risk of losing 25

percent?

Mr. Cheah: I think there is virtually no chance of the fixed-rate agreement changing within the next 12 months because these things take time to gain momentum. In the interim, we are still stuck with this backward system that enforces on this territory an artificially overvalued Hong Kong dollar and no freedom in terms of adjusting our interest rates to better suit our economic situation. Businessmen cannot become competitive quickly enough to pull us out of the current recession. If anything, I think the recession could actually turn into a depression. That's why I am arguing that there is significant scope for a downward movement in the Hang Seng index.

In China, according to the eighth annual Feng Shui predictions, the year

will bring a dramatic period of consolidation and reform: "Radical change will occur in the country's tax regime, rules for foreign enterprise and the banking system."

For investors who prefer less celestial methods of market analysis, the Money Report assembled a roundtable panel to discuss the coming year's prospects. The delegates were not exactly brimming with enthusiasm. The most bullish described themselves as "cautiously optimistic" while the others anticipated two or three more years of gloom. But they were able to identify some good bargains at current prices. The seven professional investors

who joined the Money Report's Aline Sullivan and Philip Segal at the Mandarin Oriental Hotel in Hong Kong were: William Kaye, senior managing director of The Pacific Group Ltd.; Cheah Cheng Hye, managing director of Value Partners; David Lui, director of Schroders Investment Management (Hong Kong) Ltd.; David Semple, director of international equity at Van Eck Global; Mark Konyan, a director of Dresdner RCM Global Investors; Ian Cadby, director of Regent Financial Services Ltd.; and his colleague Charles Howlett, a fund manager. Mr. Semple is based in New York, the others are based in Hong Kong.

DAVID SEMPLE

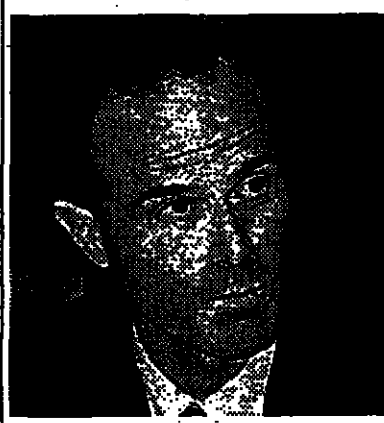
Van Eck Global



Ng Fung Hong "is different from the others."

WILLIAM KAYE

The Pacific Group Ltd.



Asia is "a long-term work out: three to five years."

CHEAH CHENG HYE

Value Partners



Brilliance China Automotive "is definitely worth buying."

Mr. Lui: I don't share the view that there are no big stocks to buy. There are good, well managed companies. Bank of Asia is probably one of the best. Companies like Cheung Kong Holdings are as good as any Asian company. HSBC Holdings PLC is one of the leading banks.

Mr. Konyan: I don't think any of us would say that these companies, like Hutchinson Whampoa and Swire Pacific, aren't well managed. But the business that they are in is just lousy. Take Swire, for instance. Investment property just looks horrible.

Ms. Sullivan: Let's move across the road to China. Will it devalue? What would that mean to the region?

Mr. Konyan: There is no question that

Continued on Page 19

Wall Street Is Wider Than S&P 500

THE CASE FOR owning mutual funds managed by actual human beings is getting weaker all the time. The year just past was the fifth in a row — and the eighth in the last 11 — in which the Standard & Poor's 500-Stock Index, a "passive," or unmanaged, portfolio of stocks that represents a big chunk of the U.S. market, beat the majority of stock funds.

The Vanguard 500 Index Portfolio, a fund that mimics the S&P, returned 28.7 percent in 1998 — almost twice as much as the average fund, at 14.5 percent. According to the Chicago-based fund-research company Morningstar Inc., the Vanguard fund beat 88 percent of all U.S. equity funds in 1998, at least 78 percent of them in each of the past five years and at least 53 percent of them in each of the past seven.

No wonder Vanguard 500 has become the largest mutual fund in America. Should you rush out and buy it? Maybe not. While there is a strong case for investors simply to own the market, Vanguard 500 — and other funds that track the popular S&P index — is not the market. It is, instead, "far more aggressive" — and less diversified — than you might think, said a recent issue of the newsletter Dow Theory Forecasts.

The composition of the S&P, with its emphasis on the largest companies, has worked well over the past few years. But will it work in the future? We cannot possibly tell, but true passive investors, who recognize their limits as prognosticators and, instead, want to ride the wave of the market, should consider alternatives. It is reasonable to assume that stocks will soon revert to the mean, going back to their normal historical patterns. If that happens, the prices of large-caps, which have been surging, will moderate, while mid- and small-caps, which have languished and are insignificant in the S&P, will rise to catch up.

But, mean-reversion or not, owning a true market fund makes sense. Vanguard has one, called Total Stock Market Index, and, when I recently asked John Bogle, the founder of the company, which he recommends — 500 or Total

— he picked Total without hesitation.

The fund is based on the Wilshire 5000 Index, an attempt to capture the performance of every single stock on the New York, American and Nasdaq exchanges. The title has become a misnomer as the exchanges have grown, and today the Wilshire tracks 7,200 stocks, compared with 500 (of course) in the S&P index.

Just two weeks ago, Wilshire Associates launched its own total-market fund, called, naturally, the Wilshire 5000 Index Fund. The Santa Monica, California-based firm, which was started by an actual rocket scientist named Dennis Tito, has been running indi-

JAMES K. GLASSMAN / ON INVESTING

vidual accounts since 1983 using the index and has just decided to take the idea public, accepting minimum initial investments of \$1,000.

Like the S&P 500, the Wilshire is capitalization-weighted, meaning the companies that investors value most have the most effect on the index. The difference is that, with a few exceptions, the S&P owns only the largest stocks. Without the dilution provided by smaller companies, the large-caps have a huge influence on the S&P index.

For example, more than one-third of the assets of the S&P are in just 25 companies, and 55 percent are in the top 50 stocks.

The Wilshire is simply more diversified. The top 10 companies are the same for each index, but they represent 20 percent of the value of the S&P and only 15 percent of the Wilshire.

Also, the S&P is heavily tilted toward the New York Stock Exchange. Only 40 of the 500 companies are traded on the Nasdaq and only two on the American. The index has just one biotech company (Amgen Inc.) and just 13 companies that it lumps in a category called "computers," which includes hardware and software and even American Online Inc. Meanwhile, the S&P is top-heavy with retailers (37) and electric utility companies (27).

But the technology stocks in the S&P are huge: Microsoft Corp., Cisco

Systems Inc., etc. They represent 15 percent of the index's assets, up from just 5 percent five years ago.

The main differences between the two indexes are that the Wilshire is loaded with mid-cap and small-cap stocks and that its average company has a market value half that of the average S&P company. The Wilshire, then, is partly a play on smaller stocks making a comeback. But it is also really the "market" — not just a slice of it.

Why buy the market? By "investing in an index fund," wrote Chairman Warren Buffett in the 1993 Berkshire Hathaway Inc. annual report, "the know-nothing investor can actually outperform most investment professionals. Paradoxically, when 'dumb' money acknowledges its limitations, it ceases to be dumb."

Another big advantage of these funds is that they charge low fees. Vanguard's expense ratio is only 0.20 percent, compared with an average of 1.4 percent for the typical growth-stock fund, plus an additional \$10 for accounts under \$10,000. Wilshire is charging 0.55 percent. It also allows smaller initial investments than Vanguard's \$3,000.

It's ironic, but neither the Vanguard nor the Wilshire fund owns every stock in the index. There are just too many, and the smallest ones are so tiny they have little effect. Vanguard, at last count, owned 3,118 stocks, or about 30 times as many as the average stock fund. Wilshire, says Jennifer Openshaw, director of investment services for Wilshire, will eventually own about 2,000 — the 1,000 largest plus another 1,000 that will attempt to reflect the characteristics of the smaller stocks.

Washington Post Service
James K. Glassman's e-mail address is jglassman@iht.com; he welcomes comments but cannot answer all queries.

For further information, contact:
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THE WORLD'S DAILY NEWSPAPER

Convertibles: Securities for All Seasons

OWA World Waste is a member of the Exotic and General Group established in 1952.

His answer is that it is hard to tell. There will continue to be support for U.S. bonds as the Federal Reserve Board's credit policy remains relaxed, the American fiscal position remains strong and global investors seek the relative safety of the United States, he surmised. Nevertheless, infla-

The article says that unless you have a U.S. address, you are out of luck if you want to buy U.S. index funds. I just called Fidelity in the States, and they told me that as long as a non-U.S.-citizen, nonresident individual fills in a W-8

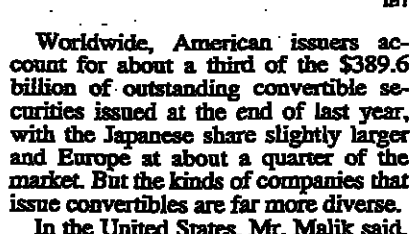
FIDELITY's website can be accessed at www.fidelity.com. Follow the "International Investors" link for sites specific to the Asia-Pacific region, Brazil, Canada, France, Germany and Japan. Investors in other countries and those without access to the Internet can call 44 1732 361 144; those in Asia should call 852 2629 2629. The U.S. members are 1 617 439 1638 or, toll-free, 1 800 544 8388.

The article "Pointing a Finger: Asian Investors Have Trouble Burying Index Funds" can be viewed on the Internet at www.the.com/INT/1/MONEY/01/0999/01/0999c.html.

bonds and stock is that their holders do not share in all of the appreciation of the stock. For example, Amazon.com Inc., the on-line bookseller, late last month sold a 10-year convertible bond that pays 4.75 percent interest. Each \$1,000 bond can be converted into 6.408 Amazon shares, meaning investors would profit by converting if the high-flying stock rises above \$156.05. It was trading at \$122.875 on the day the bonds were

Amazon illustrates four points. In announcing the company's 1998 financial results, Jeff Bezos, its founder and chief executive, said: "In 1999, we expect to invest even more aggressively than we have in the past." The company has become the dominant Internet bookseller, but it is unprofitable — although less unprofitable in the fourth quarter of 1998 than analysts had expected — so the only way it can finance its growth is to raise

In the United States, Mr. Malik said, he looks for companies that dominate a particular industry or have some business advantage with a visible catalyst that could drive a substantial price gain. In Europe, however, he first seeks a country with positive economic fundamentals, then searches for companies likely to prosper.



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February 12, 1999

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The data in the list above is the N.A.V. supplied by the fund groups to Standard & Poor's Mircopul SA. It is collated and reformated into the list below being paremitted to the IHT. Standard & Poor's Mircopul and the IHT do not warrant the quality or accuracy of the list, the data of the performance of bids of the Fund Groups and will not be liable for the list, the data of Fund Group to any extent. The list is not and shall not be deemed to be an offer by the IHT or Standard & Poor's Mircopul to sell securities or investments of any kind. Investments can fall as well as rise. Past performance does not guarantee future success. It is advisable to seek advice from a qualified independent adviser before investing.

Investor Risk in Asia

reasonable return when a substantial portion of the economy—over half—is run directly by the government or directed by the government. This is a huge issue. A free-market economy organizes itself bottom-up. A command economy organizes itself top-down. China can't quite make up its mind. They are too scared to really let go so they want to control the development of a market economy. That's an oxymoron.

Mr. Cheah: It's true that the Hong Kong guys know something many westerners know about China. China still has a population of only about 120 million, not 1.2 billion. These are the 120 million who have some money to buy consumer products. But I lost quite a bit of money in China last year so I feel qualified to say something about the country. *(Laughter all round.)* First on devaluation: last year the government made an absolute promise not to devalue but this year they just say that they intend not to devalue.

Mr. Kaye: Yes, the signals are much more mixed.

ment Management

given positions of responsibility without appropriate systems of punishment and rewards to govern

their behavior. China remains in my opinion the best long-term investment story that we have in this part

whole world needs — demand. The world has too much supply of everything. I know that the Chinese government will do whatever it takes to get its people to consume more.

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ment vehicles for this potential? What about red chips (Mainland-backed investment companies listed in Hong Kong)? Does everybody hate them?

money into that I think is different from the others. Ng Fung Hong Ltd., which is a widely held institutional stock. I am not saying that it is the best company in the world, but it does have a reasonably cohesive investment strategy and demonstrable returns rather than just grab bag of businesses which don't make any sense.

Mr. Cheah: Yes, starting this year you will see increasing encouragement of what they call SMEs — small and medium enterprises. Recently, the

Mr. Cheah: Well, Nokia and Ericsson are doing extremely well in China.

Mr. Segal: Is there a way right now to invest directly in SMEs in China?

left in the world which is not America. That is the People's Republic of China. I know this — I just get my timing wrong. (laughter all round)

market in Shanghai where stocks are trading at P/Es of 4 or 5 and setting new record lows almost every week.

Electric Power Co. and Wuzi Little Swan Co. are going to be at zero by the end of this year. I love it because no

Ms. Sullivan: Any other suggestions that might be more accessible to our readers or more attractive to the risk-averse?

It is "difficult" selling buys on

Mr. Kaye: I know those guys. It's a very tough business and one that I would

Mr. Cheah: Everything you say is true. That is why when we find the one company in a hundred that is really making it, we get very excited.

Mr. Segal: What about the tension you have when you try to liberalize an

Mr. Cheah: It is not what you think. I think this will be the next generation's

have met are just hungry to get rich as soon as possible.

Ms. Sullivan:
Let's turn to

Singapore? Is that everyone's favorite market?
Mr. Semple: I like what is happening in Singapore. It's attacking its competitiveness problem.

to find any com-
stocks."

Mr. Kaye: It is wedged between two very unhappy neighbors — Indonesia and Malaysia — and I do think people

Mr. Segal: How about Korea? Is there anything worth buying there?

Universal Bank, doing everything for



"Sa Sa International Holdings is very, very cheap."

around the rest of the region and strip out banks and property and what is left? In Korea there are real companies that foreigners have found attractive. Now those companies are cheap and that makes them very, very interesting.

are probably some opportunities to buy on weakness some Korean quasi-sovereign debt and some arbitrage on convertibles versus equity in Japan.

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February 12, 1999

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SPORTS

Unbeaten Bucks Breeze Past Nets

The Associated Press
The Milwaukee Bucks remained unbeaten under their new coach, George Karl, drubbing the injury-depleted New Jersey Nets, 95-75, in Milwaukee on Wednesday to raise their record to 3-0.

At Milwaukee, Ray Allen led the Bucks with 19 points in his first game since becoming the highest-paid player in franchise history with a six-year, \$70.9 million contract extension.

The Bucks dominated all four quarters against a New Jersey team that was deficient in healthy bodies and hustle.

Luciano Harris (strained lower back) joined fellow guards Sam Cassell and Eric Murdock (ankles) on the bench less than a minute into the game.

New Jersey got a big scare when forward Keith Van Horn tipped over fallen teammate LaDell Gill with 22 seconds left in the third quarter and limped off the

court, favoring his right knee. He returned a minute into the fourth quarter.

Jazz 82, Suns 74 Utah also stayed unbeaten, posting a 4-0 record for the first time in franchise history, as the Jazz held the Suns to their lowest point total in a home game.

Phoenix shot 37 percent from the field, and only 28 percent (10-of-36) in the second half.

If anyone thinks Jerry Sloan, the Jazz coach, would be satisfied with the start, they don't know Sloan.

"This is what the players wanted — lots of games and no practice," he said. "I don't know how we can keep fans in the seats playing that kind of basketball."

Karl Malone had 22 points and nine rebounds; Todd Fuller scored 12, and Jeff Hornacek 11 for Utah, which joined the idle Seattle SuperSonics as the league's only 4-0 teams.

Timberwolves 86, Lakers 73 In Minneapolis, Shaquille O'Neal was sidelined with an abdominal strain, and his

team missed him. The Lakers shot just 33.3 percent and came within one point of matching the lowest score in franchise history.

Kevin Garnett led Minnesota with 21 points on 9-for-19 shooting after hitting just 30 percent of his shots through the first three games.

Heat 102, Raptors 84 Tim Hardaway scored 13 of his 27 points and had five of his nine assists in the decisive third quarter. Alonzo Mourning had 18 points and eight rebounds, and Terry Porter added 16 as Miami beat Toronto for their first home victory.

Hawks 100, Hornets 88 In Atlanta, Steve Smith scored 11 of his 17 points in the opening period as the Hawks cruised to a 33-12 lead over Charlotte. He kept a double-figure lead throughout.

Cavaliers 99, Spurs 88 In Cleveland, Wesley Person made two key three-pointers in the third quarter. Shawn Kemp had 25 points and 12 rebounds for Cleveland, and Tim Duncan scored 31 for

San Antonio.

Magic 87, Pistons 81 Penny Hardaway scored 22 points, including seven down the stretch, as Orlando overcame Grant Hill's 25 points to win in Detroit. Hill appeared to make it a one-point game on a lay-up with 29 seconds left but instead was called for charging.

Rockets 106, Mavericks 88 Rookie Michael Dickerson scored 21 points, including a game-sealing three-pointer with 2:04 left, as Houston won in Dallas. Charles Barkley had 16 points and 15 rebounds for the Rockets, and Scottie Pippen scored 16.

Knicks 73, Bulls 66 In Chicago, the luster was off this rivalry, and the caliber of play was weak.

For New York, Patrick Ewing scored 18 points; Marcus Camby blocked eight shots, and Allan Houston had nine points in the fourth quarter.

Pacers 101, Grizzlies 87 Rik Smith scored 24 points and Antonio Davis scored seven of Indiana's final 16 as



David Wesley of the Charlotte Hornets falling over Atlanta's Roshawn McLeod as the Hawks won, 100-88.

the Pacers won in Vancouver.

Chris Mullin, coming off an 0-for-4, one-point effort

the previous night, scored 13 points as the Pacers upped their all-time record against the Grizzlies to 7-0.

Victory Over UCLA Puts Stanford Up 2

The Associated Press
Stanford has done almost everything right this season except shoot free throws. The sixth-ranked Cardinal took care of that against No. 9 UCLA.

The Cardinal went 31-of-47 from the foul line in their 77-73 victory over the Bruins on Thursday, including a 22-of-24 effort in the second

half. Not bad for a team that entered the game making just 67 percent from the line.

Stanford (20-4, 10-1 Pac-10), which achieved its fifth straight 20-win season, now has a two-game lead over second-place Arizona in the Pac-10 race.

The Cardinal is in pursuit of its first league title since the conference expanded to 10 teams in 1978-79.

Arthur Lee had 17 points for the Cardinal, who rebounded from a home loss Saturday to No. 2 Connecticut.

UCLA (17-6, 8-4) got within a point three times in the final two minutes, the last time at 67-66 with 1:08 left on two free throws by Jerome Moiso.

But Mark Madsen made two free throws with 41 seconds left, and Lee added two more with 19 seconds remaining for a 71-66 lead.

No. 1 Duke (20-1, 12-0 Atlantic Coast Conference) is off to the best start in school history with their 19th straight victory and seventh 100-point game of the season.

Visiting Duke outshot Virginia (13-12, 3-9) 58.7 percent to 27.4 percent and out-rebounded the Cavaliers 58-26.

No. 5 Michigan St. 61, Illinois 44 Thomas Kelley had 10 points to lead a balanced scoring attack as the Spartans (21-4, 10-1) tied a school record with their 10th straight Big Ten victory. Cory Bradford, the Big Ten's leading freshman scorer, led Illinois (10-14, 2-10) with 13 points.

SCOREBOARD

BASKETBALL

NBA STANDINGS

CONFERENCE	TEAM	W	L	PCT	GB
EASTERN	Philadelphia	3	0	1.000	—
	Charlotte	2	1	.667	—
	Orlando	2	2	.500	1 1/2
	New York	2	2	.500	1 1/2
	Washington	1	3	.250	3 1/2
	Atlanta	1	3	.250	3 1/2
	Indiana	1	3	.250	3 1/2
WESTERN	Utah	4	0	1.000	—
	San Antonio	3	2	.600	—
	Los Angeles	3	2	.600	—
	Portland	2	3	.400	2 1/2
	Seattle	2	3	.400	2 1/2
	Denver	2	3	.400	2 1/2
	Phoenix	2	3	.400	2 1/2

EUROLEAGUE

TEAM	W	L	PCT	GB
Barcelona	3	0	1.000	—
Real Madrid	2	1	.667	—
CSKA Moscow	2	1	.667	—
Bayern Munich	2	1	.667	—
ASVEL	2	1	.667	—
Partizan	2	1	.667	—
Joazeiro	2	1	.667	—

HOCKEY

NHL STANDINGS

CONFERENCE	TEAM	W	L	PCT	GB
EASTERN	Philadelphia	17	17	.500	—
	New York	17	17	.500	—
	Pittsburgh	17	17	.500	—
	Washington	17	17	.500	—
	Florida	17	17	.500	—
	Atlanta	17	17	.500	—
	Carolina	17	17	.500	—
WESTERN	Colorado	17	17	.500	—
	Edmonton	17	17	.500	—
	Calgary	17	17	.500	—
	Vancouver	17	17	.500	—
	San Jose	17	17	.500	—
	Los Angeles	17	17	.500	—
	Phoenix	17	17	.500	—

U.S. COLLEGE SCORES

TEAM	W	L	PCT	GB
Stanford	20	4	.833	—
Connecticut	20	4	.833	—
Duke	20	4	.833	—
Michigan St.	20	4	.833	—
Arizona	20	4	.833	—
Illinois	20	4	.833	—
Georgia Tech	20	4	.833	—

WORLD CHAMPIONSHIPS

TEAM	W	L	PCT	GB
USA	20	4	.833	—
Canada	20	4	.833	—
Soviet Union	20	4	.833	—
Czech Republic	20	4	.833	—
Finland	20	4	.833	—
Sweden	20	4	.833	—
Norway	20	4	.833	—

Dennis the Menace

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DAVE BARRY

Spatulas and Spiders

MIAMI — From time to time I receive letters from a certain group of individuals that I will describe, for want of a better term, as "women." I have such a letter here, from a Susie Walker of North Augusta, South Carolina, who asks the following question: "Why do men open a drawer and say, 'Where is the spatula?' Instead of, you know, looking for it?"

This question expresses a commonly held (by women) negative stereotype about guys of the male gender, which is that they cannot find things around the house, especially things in the kitchen. Many women believe that if you want to hide something from a man, all you have to do is put it in plain sight in the refrigerator, and he will never, ever find it, as evidenced by the fact that a man can open a refrigerator containing 463 pounds of assorted meats, poultry, cold cuts, condiments, vegetables, frozen dinners, snack foods, desserts, etc., and ask, with no irony whatsoever, "Do we have anything to eat?"

Now I COULD respond to this stereotype in a snide manner by making generalizations about women. I could ask, for example, how come your average woman prepares for virtually every upcoming event in her life, including dental appointments, by buying new shoes. I could point out that, if there were no women, there would be no such thing as Leonardo DiCaprio. I could ask why a woman would walk up to a perfectly innocent man who is minding his own business watching basketball and demand to know if a certain pair of pants makes her butt look too big, and then, no matter what he answers, get mad at him. I could point out that, to judge from the covers of countless women's magazines, the two topics most interesting to women are (1) Why men are all disgusting pigs, and (2) How to attract men.

Yes, I could raise these issues in response to the question asked by Susie Walker of North Augusta, South Carolina, regarding the man who was asking where the spatula was. I could even ask why this particular man might be looking for the spatula. Could it be that he needs a spatula to kill a spider, because, while he was innocently watching basketball and minding his own business, a member of another major gender — a gender that refuses to personally kill spiders but wants them all dead — DEMANDED that he kill the spider, which nine times out of 10 turns out to be a male spider that was minding its own business? Do you realize how many men arrive in hospital emergency rooms every year, still gripping their spatulas, suffering from painful spider-inflicted injuries? I don't have the exact statistics right here, but I bet they are chilling.

As I say, I could raise these issues and resort to the kind of negativity indulged in by Susie Walker of North Augusta, South Carolina. But I choose not to. I choose, instead, to address her question seriously, in hopes that, by improving the communication between the genders, all human beings — both men and women, together — will come to a better understanding of how dense women can be sometimes.

I say this because there is an excellent reason why a man would open the spatula drawer and, without looking for the spatula, ask where the spatula is: The man does not have TIME to look for the spatula. Why? Because he is busy thinking. Men are ALMOST ALWAYS thinking.

When you look at a man who appears to be merely scratching himself, rest assured that inside his head, his brain is humming like a high-powered computer, processing millions of pieces of information and producing important insights such as, "This feels good!"

We should be grateful that men think so much, because over the years they have thought up countless inventions that have made life better for all people, everywhere. The shot clock in basketball is one example. Another one is underwear-eating bacteria. I found out about this thanks to the many alert readers who sent me an article from "New Scientist" magazine stating that Russian scientists — and you know these are guy scientists — are trying to solve the problem of waste disposal aboard spacecraft by "designing a cocktail of bacteria to digest astronauts' cotton and paper underpants." Is that great or what? I am picturing a utopian future wherein, when a man's briefs get dirty, they will simply dissolve from his body, thereby freeing him from the chore of dealing with his soiled underwear via the labor-intensive, time-consuming method he now uses, namely, dropping them on the floor.

I'm not saying that guys have solved all the world's problems. I'm just saying that there ARE solutions out there, and if, instead of harping endlessly about spatulas, we allow guys to use their mental talents to look for these solutions, in time, they will find them. Unless they are in the refrigerator.

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From Jefferson to Jazz: Americans in Paris

By Mary Blume
International Herald Tribune

PARIS — The line between self-improvement and entitlement, never too clear among Americans, perhaps vanishes totally when Americans become tourists, as the speech by a woman in Henry James' "The Pension Beauregard" suggests:

"To care only for the best! To do the best, to know the best — to have, to desire, to recognize only the best. That is what I have always done, in my quiet little way. I have gone through Europe on my devoted little errand, seeking, seeing, hearing only the best. And it is not for myself alone; it has been for my daughter. My daughter has had the best."

This peculiarly American form of avidity is the unstated thread in Harvey Levenstein's study of American tourists in France from Jefferson to the Jazz Age, "Seductive Journey" (University of Chicago Press).

At first, Americans were daunted by France's cultural superiority and mistrustful of its morals. No American under the age of 30 should visit Paris, said Thomas Jefferson, who knew the city's lures all too well. He had also seen young dissolute *milords* on the Grand Tour and advised two wealthy young Americans who had sought his counsel not to go on a spree but to study subjects of use to their young country.

He headed his list "Objects of Attention for an American" and included agriculture, mechanical arts, labor conditions, architecture in order to find ideas for housing America's growing population and gardening, not for beauty but to find useful plants that might be imported to the new republic.

He also advised sailing in a ship that was neither too old nor too new. The trip to Paris was appalling, even when in 1818 new packages carried live farm animals to assure passengers a supply of fresh food. Decades later, Ralph Waldo Emerson observed, "It seems strange that the first man who came to sea did not turn round and go straight back again."

Once the exhausted tourists arrived in Paris, they were confronted by mucky sidewalk streets, terrible smells and, rising from them, incongruous splendors such as the Luxembourg, Louvre and Tuileries palaces. Tourists could wander through Versailles, and one Boston couple in 1776 freely watched the queen dine. Later, a young Connecticut lawyer made a laconic diary note: "On the 21st of January, the second day of

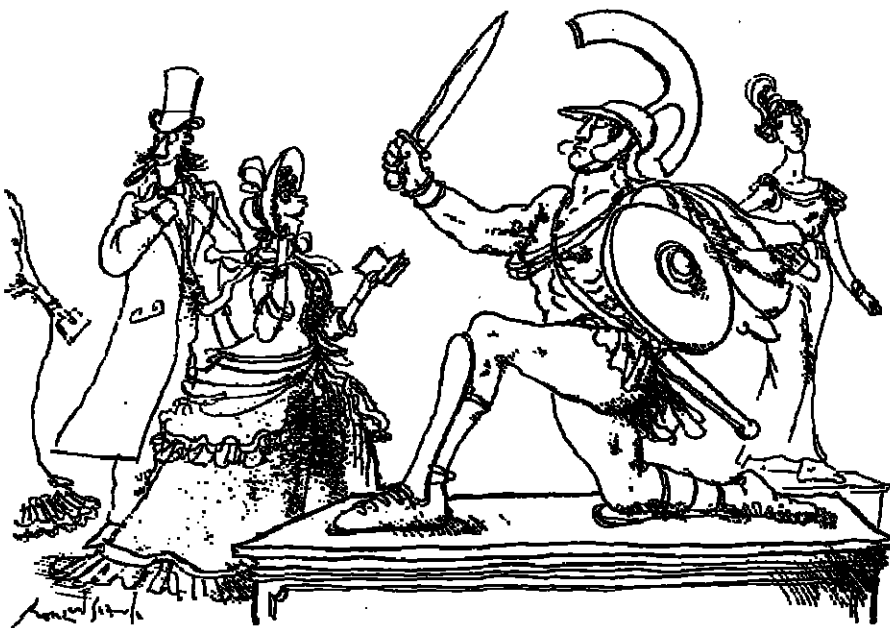


Illustration by Howard Chandler Christy

my arrival, I mixed with the citizens and saw Louis the Sixteenth beheaded."

The early American tourists were usually male; married men often left their wives behind. Until the 1850s the point of tourism was cultural and part of the preparation was to learn French. James Fenimore Cooper studied it for three years before setting forth. Itineraries centered on Paris; the rest of France was simply passed through on the way to Italy, Germany or the Alps. If travel improved the mind, it also reinforced what Americans already knew: that their country was the best. "We have not as much refinement, but more of everything that is good," one New Yorker wrote to his son.

French refinement was in many ways suspect, in any case. Sauces were presumed to cover tainted meat, the French ate slowly instead of bolting their food as good Americans did. As for the women, they were not beautiful but, worse, they were disturbingly alluring and frequently available. Levenstein notes that, like many young Americans, Thomas Appleton lost his virginity in Paris, giving new resonance to his observation (later quoted by Oliver Wendell Holmes), "Good Americans, when they die, go to Paris."

Americans, especially women, were of

course very good with their poke bonnets and Protestant rectitude, turning their backs on nude statues and ignoring bedizened creatures of the streets. And as travel became easier, cheaper and faster and as tourist amenities improved with the Great Exhibition of 1867, more women traveled, bringing about what Levenstein calls the feminization of American tourism.

Women, having finer sensibilities than men, or so it was deemed, became their equals (and eventually their superiors) in cultural matters: A sincere love of beauty and plain common sense outweighed condescension, wrote one (female) guide to the Louvre. In time it was accepted that men took care of business and their wives took care of art. American men, Henry James said, "had the elements of modern man with the culture left out."

American women tourists also learned to overlook the dubious morality of Paris in favor of one of its enduring pleasures: shopping. "Dress makers and milliners and such people come every morning to see my party and take their orders," wrote a man expensively traveling with his wife and two daughters.

Tourists tend to take local events as inconveniences and the Commune of 1871

hardly disturbed the Americans, although Annie Bradley, a 22-year-old from upstate New York, was annoyed to find the famous Paris zoo empty because the animals had been eaten during the siege of 1870. "Was never so disappointed in a place in all my life," she told her diary.

The transactions of tourism changed. The rich came for pleasure while earnest culture-seekers were often college girls who prepared for their trip by testing each other on French history and could not afford to travel with 17 trunks. Americans are still the only

'It seems strange that the first man who came to sea did not turn round and go straight back again.'

people who look at, and judge, their compatriots when they travel (other nationalities tend to exempt their own from criticism); Henry Adams described "a mob of tourists of many kinds of repulsiveness" while James wondered, "Are we the worst-looking people in the world?"

There was no point in telling Parisians that those funny-looking people came from Oshkosh because Parisians had never heard of Oshkosh, and in any case Parisians were well-disposed to Americans except when they mistook them for English. Until 1917, Levenstein maintains, anti-Americanism did not exist.

Many of the U.S. soldiers in World War I were unruly, some were criminals. American segregation of black troops astonished the French who found nothing immediately offensive in the sight of a black skin and had well-intentioned even named a Paris hotel "Hotel de l'Oncle Tom."

More, and coarser, Americans were visiting Paris and were being liked less, in part because of their Prohibition-inspired drunkenness and their insensitive suggestions that France pay off its war debts. By 1926 French mobs attacked a bus taking tourists on a Paris-by-night tour.

Levenstein ends with the Great Depression, though the seductive journey continues today. And in reverse: If more and more Americans come to Paris, so more and more Parisians now go to New York — for its museums, its shopping and even its women and food.

PEOPLE

Judy Garland fans will soon be able to listen to long-lost duets, which will be released on a two-CD set. For almost three decades, master tapes of Garland's television-show duets with Barbara Streisand, Ethel Merman, Frank Sinatra, Dean Martin, Tony Bennett, Lena Horne and others were stored in the crawl space of a house in New Jersey owned by a onetime business associate of Sid Luft, Garland's former husband and manager. Garland died in 1969.

Dave Brubeck and his wife, Iola, plan to donate their archives to the University of the Pacific in Stockton, California, and endow a new institute at its music conservatory. The collection includes some of the composer's manuscripts as well as letters, photographs and correspondence with record companies. Brubeck was a student at the University of the Pacific before he released the hit "Take Five" in 1961.

Julie Andrews, who in December dismissed reports that her singing career was over, now concedes that she has been unable

to sing since she underwent surgery almost two years ago to remove noncancerous throat nodules. The 63-year-old Andrews said she is considering filing a lawsuit over the operation. She said she would keep trying to sing, though doctors don't give her much hope she will be able to. "To not sing with an orchestra, to not be able to communicate through my voice, which I've done all my life, and not to be able to phrase lyrics and give people that kind of joy, I think I would be totally devastated," she told Barbara Walters in a television interview.

A bust of Frederic Chopin will return to the Luxembourg Gardens in Paris to mark the 150th anniversary of the death of the composer. The bronze bust of Chopin that had been in the gardens since 1900 was melted down during Germany's occupation of France in World War II, and the pedestal has remained empty ever since. The new bust, a replica of one by the Polish artist Boleslaw Syrewicz (1835-1899), will be placed on the same pedestal. Chopin died in Paris in 1849 at age 39 and was buried at the Pere Lachaise cemetery.



THE WASHINGTON POST photographer Dayna Smith's black-and-white image of a grieving woman at the funeral of a rebel commander in the Kosovo region of Yugoslavia won the World Press Photo of the Year

award for 1998 on Friday. The photo, of a young woman being supported by other mourners in Izbica, Kosovo, won Smith the award and a \$7,500 prize, which will be presented at a ceremony in Amsterdam on April 19.



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